

Ukraine Near To Accepting Final Deal on Nuclear Arms

Accord Involving U.S. And Russia Exchanges Swords for Plowshares

By R. Jeffrey Smith

Washington Post Service
WASHINGTON — Ukraine is extremely close to final agreement with Russia and the United States on a deal to remove the nuclear arms from its territory within three years in exchange for debt relief and other political and economic benefits, American officials say.

The deal would eliminate one of Washington's major foreign policy worries of the post-Cold War era: that the breakup of the Soviet Union could create another nuclear power in Europe besides Russia.

[President Bill Clinton said Sunday that there had been a "terrific amount of progress" toward such a deal but that an agreement had not yet been finalized, Reuters reported from Brussels. "We are working very, very hard to bring all three of us together," Mr. Clinton said.]

As one of the world's first true "swords into plowshares" accords, the deal would convert an important ingredient of the nuclear arms, highly enriched uranium, into fuel for civilian nuclear reactors in Ukraine. All costs would be underwritten by a quasi-public U.S. corporation, and all revenue paid to Russia would be spent on environmental cleanup.

By providing for the return of some 1,800 warheads from Ukraine to Russia, the deal would end Russia's fears of a hostile nuclear neighbor. By providing for new shipments of nuclear fuel to Ukraine and assuring the inviolability of its borders, the plan would ease Ukraine's economic crisis and its anxieties about Russian encroachment.

Only a few details of how to put deal into effect remain to be worked out, several officials said. They expressed optimism that the deal would be completed in time to become the centerpiece of President Clinton's visit to Moscow later this week, providing him with a much-needed foreign policy triumph after what may be a difficult meeting with East European leaders frustrated over not being admitted to the North Atlantic Treaty Organization.

The agreement would come after months of on-again, off-again Ukrainian promises to give up the inherited nuclear arsenal. As an executive agreement with Russia, it would apparently not, at least at the outset, be subject to reputational damage by Ukraine's nationalistic and largely pro-nuclear parliament.

Senior officials from Ukraine, Russia and the United States agreed on the final structure of the deal to get rid of Ukraine's nuclear arms in a series of meetings that culminated in a two-day Washington session last week.

The progress "gives us more confidence" that an accord can be signed in Moscow by Mr. Clinton, Mr. Kravchuk and President Boris N. Yeltsin of Russia, the official said. Other Americans said that several weeks ago, with Washington's approval, Mr. Yeltsin invited Mr. Kravchuk to meet in Moscow with Mr. Clinton on the condition that the nuclear issue was resolved beforehand.

The accord is meant to end a lengthy dispute about the fate of the arsenal left in Ukraine after the breakup of the Soviet Union in 1991. All of the 1,240 warheads deployed on SS-19 and SS-24 missiles remain aimed at the United States, although a small number have been deactivated on Mr. Kravchuk's orders.

A breakthrough was achieved in talks last year when the United States offered to buy as much as 500 metric tons of uranium extracted from former Soviet nuclear warheads, and both

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Mr. Clinton sipping from a bottle of water Sunday as he waited for his motorcade to leave Brussels airport for the Belgian capital.

Jacky Mergui/Réuter

U.S. Reaffirms Bosnia Commitment

By Paul F. Horvitz

International Herald Tribune

WASHINGTON — Senior American officials strongly reaffirmed on Sunday their willingness to abide by longstanding NATO contingency plans to employ air strikes in Bosnia.

But they gave no indication that they wanted those plans to go forward. And they restated their view that a settlement in Bosnia would only come about through negotiation among the warring factions.

Secretary of Defense Les Aspin said the reaffirmation of U.S. support for the plans would serve as Washington's response to an expected push by France for a strong statement of Bosnia by the North Atlantic Treaty Organization.

Mr. Aspin said the United States would re-

spond to the French initiative by saying that "it is part of all of the package of things that we have already committed ourselves to," including enforcement of a no-fly zone over Bosnia supporting humanitarian relief, particularly air drops, and air strikes if UN forces are threatened and enforcing a peace agreement.

A statement acceptable to both Paris and Washington is expected in Brussels as the heads of state of the NATO nations meet Monday. American officials stressed that the primary NATO agenda item was coordination with former Soviet bloc nations, not Bosnia.

In what appeared to be a coordinated response by the Clinton administration to new reports of heavy fighting in Bosnia, Secretary of State Warren M. Christopher, Vice President Al Gore, General John H. Shalikashvili, chairman of the U.S. Joint Chiefs of Staff, and Mr.

Aspin made separate televised appearances to put forth the U.S. view.

Taken together, their comments suggested deeper American concern about Bosnia but no military or political policy changes calling for putting into force NATO plans that were formally adopted last August.

Mr. Christopher, speaking from Brussels, cited NATO's agreement in August to pursue air strikes "under proper circumstances," that is, if there was a "staging of Sarajevo or if we were called for" by United Nations commanders in Bosnia.

"There's been a great deal of planning to that effect," Mr. Christopher said.

But as for movement to carry out those plans, he added, "There's really nothing new on that front except the strong preparation of NATO

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Korean Inspections: Treading Water

By David E. Sanger

New York Times Service

SEOUL — Even if the Clinton administration completes its long-brewing deal with North Korea to reopen several nuclear sites to international inspection, diplomats and intelligence officials say the limitations on the first round of inspections virtually assure nothing new will be learned about how close Pyongyang has come to making a nuclear weapon.

The inspections that the administration are heralding as a diplomatic triumph, experts say, will probably prevent the Communist government of President Kim Il Sung from diverting

more nuclear material from its reactors to its weapons project.

That is especially important as the North Koreans prepare to shut down their biggest reactor and change the fuel rods, an opportunity for them to gain more nuclear fuel for a bomb.

But the new inspections, won after 10 months of negotiations, simply restore the situation to where it was a year ago, when the International Atomic Energy Agency first found evidence that it was being deceived by North Korea.

Officials of the agency, an arm of the United Nations, will still be barred by Pyongyang from conducting special inspections of suspected nu-

clear sites that North Korea has not declared part of its atomic program. The agency's demand for special inspections touched off the crisis last year.

Not until those inspections are conducted is there much chance of answering the two biggest questions about North Korea's nuclear program: How much plutonium, the element at the core of nuclear weapons, has North Korea already produced, and are American intelligence agencies right when they say that Mr. Kim's scientists have likely already pieced together a crude nuclear weapon?

"We know nothing more than we knew last spring," a senior South Korean official lamented, referring to the period when North Korea threatened to withdraw from the Nuclear Nonproliferation Treaty and halted all inspections. "And by some measures, you might say we know less."

Administration officials insist that they are not backing down from President Bill Clinton's

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GOOD-BYE TO ALL THAT — Senator Bennett Johnston, heading a U.S. delegation, looking at American pilots' gear on display at the Hanoi Army Museum. Page 3.

Clinton, in Brussels, Reassures Europeans Of U.S. Commitment

Continent Is 'Most Valued Partner'; He Warns of Demagogues in East

By R. W. Apple Jr.

New York Times Service

BRUSSELS — In the first hours of his first visit to Europe as president, Bill Clinton sought Sunday night to reassure a Continent full of doubt that the United States remained deeply committed to the Atlantic partnership and determined to resist the siren song of isolationism.

Surrounded by rich caravans and sumptuous tapestries in Brussels' 15th-century City Hall, Mr. Clinton told an audience of about 250 mostly young people, drawn from 30 countries, that Europe "is our most valued partner" in the economic and political spheres as well as in military affairs.

The world's best hope for peace, he said, lay in the North Atlantic Treaty Organization, "not only in the compatibility of our weapons but in the camaraderie of our warriors."

But he said nothing specific about when and under what conditions the United States might agree to extend its nuclear umbrella beyond the confines of Western Europe, which is a key question in European capitals.

"I am here to demonstrate that Europe remains central to the interests of the United States," Mr. Clinton said, clearly conscious that many European leaders believe that the United States is preoccupied with Asia and Latin America.

Mr. Clinton faces unwelcome pressures from France and others to increase American involvement in the Balkans. Despite efforts by American diplomats to finesse the issue, President François Mitterrand of France said this weekend that he was determined to raise it during the NATO summit meeting opening Monday.

According to sources here and in Washington, both France and the Netherlands asked the United States last week, during heavy shelling of Sarajevo by Serbian artillery, for air strikes in support of the besieged Muslim defenders of the city. The United States reportedly said no.

In his speech, Mr. Clinton issued what sounded like a sharp reminder to Western Europe that the crisis in Bosnia-Herzegovina was first of all a European problem. He said that the well-being of the Continent, once threatened by Soviet armies, was now at risk from the "creep-

ing instability" that can be caused by ethnic strife, sick economies, rampant nationalism, nuclear proliferation and the possible "rise of aggressive regimes."

Portraying today's situation in Eastern Europe as "a race between rejuvenation and despair," Mr. Clinton warned against "the grim pretenders to tyranny's dark throne, the militant nationalists and demagogues who fan suspicions that are ancient and parade the pain of renewal in order to obscure the promise of reform."

Mr. Clinton's main target was evidently Vladimir V. Zhirinovsky, the Russian ultranationalist whose party ran more strongly than ex-

Familiarity succeeds where Communists failed — in dispelling the American myth. Page 5.

pected in the parliamentary elections on Dec. 12. His success deeply upset Eastern Europe because he favors the kind of aggressive Russian expansionism that has cost them their freedom in the past.

The president offered a vigorous rebuttal to those here and in the United States who have argued that Poland, Hungary and other East European nations should be admitted to NATO as soon as possible. Siding with Moscow, which strongly opposes any such action now, the United States has proposed a compromise Partnership for Peace, stopping well short of NATO expansion, that will be adopted at the two-day summit meeting in Brussels.

Drawing a new, post-Cold War line between the democratic nations and nondemocratic nations further to the east would be a mistake, he said, because "we should not foreclose the possibility of the best future for Europe, a democracy everywhere," including Russia and Ukraine.

Mr. Clinton urged Europe toward greater economic, political and military integration, asserting that the United States "will benefit more from a strong and equal partner than from a weak one." Demoralized by its own economic and political difficulties and by the ethnic turmoil to its east, Western Europe saw

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U.S. Sees Self-Selection By East on Joining NATO

As President Bill Clinton attends his first North Atlantic Treaty Organization summit meeting in Brussels, Secretary of Defense Les Aspin talked to Joseph Fidell of the International Herald Tribune about U.S. security priorities. Mr. Aspin leaves the job this month.

Q. East Europeans have complained about not getting NATO membership. Does this plan lead them there?

A. Where it leads depends on how things develop. The difficulty about NATO mem-

MONDAY Q&A

bership at this time is that it would start drawing lines liable to be destabilizing. What would it say about countries that were excluded if others were taken in right now? Would it signal to the Russians that it was O.K. to attack the countries that were left out?

This way, distinctions between countries are going to be drawn on the basis of their own efforts — what we call "self-differentiation." That means that anybody can join, but it's self-selecting. Some will only do the minimum, just exchange the necessary reports. Others will be much more active, with units involved in joint training and operations. Some might even devote their whole military to this NATO connection. The more a country does, the more relevant its defenses become to NATO and membership.

Q. Did the Clinton administration take a

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Europe's Monetary Union a 'Hard Slog'

By Alan Friedman

International Herald Tribune

PARIS — When Prime Minister Edouard Balladur addressed newly appointed members of the Monetary Policy Council at the Bank of France last Friday morning, he urged them to work toward "the construction of Europe" along with the newly formed European Monetary Institute.

It will be a good deal tougher, however, to contemplate such grand aspirations on Tuesday, when central bank governors representing the 12 European Union member nations assem-

ble at the 15th-century Frankfurt city hall for the first meeting of the E.M.I.'s council.

The E.M.I., an interim monetary authority meant to be the forerunner of a European central bank, is a child of the Maastricht treaty, its existence, which formally began on Jan. 1, represents the second stage of Europe's drive toward economic and monetary union, a process that on paper is meant to be completed from 1997 to 1999.

Along the way, however, the single European currency plan has been visibly derailed, first in

September 1992 by the departure of the British pound and Italian lira from the exchange rate mechanism, and then last summer by the currency crisis that forced the widening of the bands within which currencies fluctuate to 15 percent.

Although the French franc has since returned to its old, narrow band, in what the French authorities have taken as a sign of the underlying solidity of the system, there remain several factors that make the E.M.I.'s task of preparing

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ANC's Anything-Can-Happen Campaign

By Bill Keller

New York Times Service

JOHANNESBURG — They have Bill Clinton's poll taker and media man. They have mock elections and focus groups. They have a strategy group to cope with surprises and a briefing committee to keep the candidates in sync. They have a slogan that is almost generic: "Now Is the Time." They have Nelson Mandela sun visors.

On paper, the African National Congress campaign is a juggernaut, the very model of a modern vote-harvesting machine.

But they also have thousands of children toting guns. They have squatter-camp warlords and tribal enclaves. They have local leaders who think "on time" means within 90 minutes of the dot. They have the Communist Party for

a partner and red-baiters for opponents. They have a few million voters who don't believe a ballot is secret. They have Winnie Mandela.

On the ground, the 16 weeks until South Africa's first free elections promise to be, despite the best labors of the attending professionals, a spectacle of amateurs, a festival of loose canons and late starts, with violent outbursts of intolerance and charming moments of unintended candor.

So far, there is little suspense about the outcome. All polls predict a decisive ANC victory. But the campaign will be a running test of that organization's metamorphosis from a liberation movement to a political party and ultimately a government.

"The ANC is trying to make the most modern political machine in South African history."

said a foreigner close to the campaign. "But they're going upstream, against their own traditions."

The ANC begins the campaign brimming with confidence.

The chief campaign coordinator, Popo Mofato, said the goal was not just victory but 67 percent of the new legislature, enough to enable the winning party to rewrite the constitution without cutting deals.

In the elections for nine provincial legislatures, the ANC will have an uphill battle for only one: the Western Cape, where the large mixed-race population known as "colored" favors President Frederik W. de Klerk's National Party because they fear being washed

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Kiosk

Hard-Line Rally Aims At Yeltsin and U.S.

MOSCOW (AP) — In their first mass protest since violent clashes in October, thousands of hard-liners Sunday shouted "Hang Yeltsin!" and rallied support for the Communists and extreme nationalists who move into parliament this week.

The crowd also marched to the U.S. Embassy, where they shouted anti-American slogans. The rally, which had been authorized by the Moscow police, came just three days before President Bill Clinton arrives for talks with President Boris N. Yeltsin.

The protest was held near the Russian White House, the former parliament headquarters and scene of some of the worst fighting in October between hard-liners and Mr. Yeltsin's forces.

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Presiding at Avignon, a Youthful Custodian of Popes Past

By Barry James
International Herald Tribune

AVIGNON, France — All that Dominique Vingtain remembers from her first visit to Avignon's Palace of the Popes as a small girl is a wooden model of the building and the huge conical chimney in the kitchen that wafted odors of the Pope's suppers to townspeople when the mistral blew.

She never imagined, then or later, that she would return one day to run the building. Now, 31, she has been appointed curator, one of the youngest people to hold such a senior position in France's cultural establishment.

Miss Vingtain defines her role as curate this way: "To serve the monument, to save, protect and give things their proper value." This is not incompatible, she believes, with the commercial imperative of attracting, entertaining and educating large numbers of visitors.

"I feel that the Palace of the Popes has a much bigger role to play," she says. "In

glinting golden stars; walls lined with tapestries; cardinals and courtiers dining at tables lining the 50-meter room; rushes strewn over the floor; jesters performing and servants rushing around with dishes and pitchers of wine, and meat sizzling in the fireplace.

When Miss Vingtain was chosen for the curator's position, observers regarded it as a tribute to her previous work at Cluny, once the center of the Benedictine monastic order and a powerhouse of European art and learning in the Middle Ages.

There, also, she had to recreate ideas and images from something that no longer existed: Cluny was demolished after the French Revolution.

As curator of the small Ochie Museum at Cluny, she not only put on display a rich collection of medieval stonework but also collaborated with computer and graphics experts to create virtual-reality images of the abbey's soaring church, giving a sensation of being inside it.

She believes she can use similar computer techniques to bring back colors and explain the structure of the Palace of the Popes.

She also hopes to establish a relationship with the Vatican, where the archives are rich in material about Avignon's history. The seven French Popes who reigned here — but not the anti-Popes who followed them — are all considered part of the legitimate apostolic succession, and Avignon remained papal property until the 1789 revolution.

Although she could aspire to an even higher position in the cultural firmament, Miss Vingtain does not want to think yet of leaving Avignon. "At my age, I could not expect to have a very elevated position at the Louvre," she points out. "Here, I have real responsibility."

Then, too, as the Popes proved all those centuries ago, Avignon definitely has its charms — a rich intellectual life, good cuisine and beautiful scenery on the doorstep.

When not working, Miss Vingtain enjoys exploring the local countryside and reading (Marguerite Yourcenar is a favorite author). For vacations, she likes to travel in the Mediterranean region, particularly Greece, Italy and Morocco. She visits other museums whenever she can, "but I never seem to see the works," she says. "I always look at the lighting and the way things are displayed."

Even though Pope Gregory set off for Rome more than 600 years ago, many visitors still regard the palace at Avignon, and particularly the great chapel of

Clement VI, as a place of spiritual pilgrimage, and Miss Vingtain is conscious of the need to preserve the special character of the place.

"I would like to encourage a lot more research into the monument itself, bringing in the best specialists," she said. "A stone-by-stone study has never been carried out, and there are many things that are not properly understood."

She also would like to restore the sadly decayed frescoes in the palace, giving luster to works that once made Avignon an artistic center to rival Paris or Prague.

For it was here that Matteo Giovannetti, Simone Martini and a host of lesser-known artists created the avant-garde esthetic of their time, the sweet *ars nova* in music and painting that has become known as "International Gothic."

There is a short time limit to her ambi-



Dominique Vingtain's role: "To give things their proper value."

tions. "If you came back in five years," she said, "I would like to be able to give you the catalogue of our first major exhibition about the palace itself."

In the 1980s, when cities were in good shape fiscally, many mayors had grandiose projects for new museums and cultural centers. Now, curators are caught in a cost squeeze as expenses outstrip income. Nowhere is this more true than at Avignon, which has 2 billion francs' worth of debts, and has had to stop the restoration of its Calvet Art Museum for lack of funds.

The Palace of the Popes has escaped the worst of the austerity, however. Since 1991, it has been under mixed management by the city and a private company, which hands over a part of its profits from running affiliated shops, organizing special events and operating a conference

tions. "If you came back in five years," she said, "I would like to be able to give you the catalogue of our first major exhibition about the palace itself."

Her responsibilities include anything to do with culture or archaeology, the security of the monument; conservation of its artworks; establishing projects, in collaboration with the chief architect; organizing exhibitions, conferences and special events, such as a new series of nighttime walks around the palace, and encouraging educational projects.

The daughter of teachers in a small village called Sainte-Cécile-Lès-Vignes, about 60 kilometers (40 miles) from Avignon, Miss Vingtain had an early and abiding passion for archaeology and ancient Greece. After attending high school in Orange, she studied history and art history at the University of Aix-en-Provence, then abandoned a thesis on medieval history to take a job as assistant curator of a museum at Nantes, in Brit-

tany.

From there she moved to Cluny, in the heart of the Burgundy countryside, because it offered greater intellectual opportunities.

Having put so much effort into building up the Ochie Museum, she left that post with some regret, but she did acknowledge that "Cluny started getting a bit small for me."

She makes it clear that Avignon is where she wants to be and that she is still too absorbed in her new job to give much thought to what might come next.

For now, she is pleased with all aspects of her work, including the discovery that the wooden model of the palace that she remembered from her first visit is still on display.

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Hundreds Flee as Shifting Winds Fan Australia's Raging Bushfires

The Australian Press

SYDNEY — Forest fires near Sydney flared dramatically on Sunday when the winds shifted and became stronger, and hundreds more people were forced to flee their homes.

Four people, including two fire fighters, have been killed and more than 60 hospitalized since the fires broke out a week ago. Thousands of people have been evacuated or stranded after major highways and railroads were cut by smoke and flames. Some 150 houses and other buildings have been destroyed.

The fires on Saturday came to within five miles (eight kilometers) of central Sydney, Australia's largest city with 3.6 million people.

Shifting high winds whipped up huge blazes in national parks on opposite sides of Sydney.

At one point, flames came close to Sydney's main international satellite communication facility but were finally contained.

The police say many fires were started by arsonists. They have arrested 11 people for lighting fires and have been inundated with sightings of arson suspects by the public.

Helicopters scooped water from nearby lakes and reservoirs and it on the flames. Fire crews burned forest litter and vegetation to slow the advance of the fires.

Both the winds and the flames eased soon after sundown on Sunday. Fire fighters said a fire to the north of Sydney was contained in the Ku-ring-gai Chase National Park, while the progress of another blaze through the Royal National Park to the south had slowed. Nei-

ther was an immediate danger to neighboring property.

The Department of Bushfire Services warned that without rain, the 135 square fires burning across 484,000 hectares (1.2 million acres) of forest and grassland in the state of New South Wales might rage on for many days.

Huge fires also burned in tinder-dry forest in the Blue Mountains, 80 kilometers west of Sydney.

Thousands of people who spent Saturday night in evacuation centers returned Sunday to undam-

aged houses, but some came back to ashes and rubble. In some suburbs, whole blocks were wiped out. In other streets, one or two houses were left untouched by blazes that razed the others.

The fires were also taking their toll on the more than 7,000 fire fighters and 400 military personnel who have been working 18-hour shifts for the last six days.

"It is beyond comprehension," said one fire fighter. "These fires are so big and they just keep coming."

KOREA: Just Treading Water

Continued from Page 1

pledge that "North Korea cannot be allowed to develop a nuclear bomb."

In a briefing last week in Washington, Lynn Davis, the undersecretary of state for international security affairs, disputed reports suggesting that the administration was softening its position in order to keep North Korea talking.

"Our objectives are as they've been from the start, and that is to gain the North's full cooperation," she said, including inspections of any sites that the atomic energy agency believes will shed light on Pyongyang's past nuclear activities.

"In no way will we change those goals," she added.

But in reality, diplomats here say, it will be virtually impossible to be sure that the bomb project has been halted, much less reversed.

North Koreans are known to be master tunnel builders. Most experts presume some part of the North Korean nuclear sites are underground as well. Western diplomats say it will be difficult to monitor the North Korean project in such an environment.

For now, the administration has put the question of special inspections on the back burner, saying its first priority is to force North Korea to resume compliance with the basic elements of the nonproliferation treaty.

Many involved in the talks now believe that North Korea will try over the next months to stave off sanctions by the UN Security Council by allowing just enough access to its sites.

Pyongyang, meanwhile, will try to benefit from the uncertainty surrounding its nuclear program, hoping that the fear it may have the bomb will prove as valuable as the bomb itself.

WORLD BRIEFS

Ex-U.K. Aide Recalls Previous Affair

LONDON (Reuters) — Tim Yeo, a former junior environment minister who was forced to resign from the British government last week after acknowledging that he had fathered a child in an adulterous affair with a Conservative Party town councillor, says he had another illegitimate child when he was a student.

Mr. Yeo, 48, said that when he was a 22-year-old student at Cambridge University in the late 1960s his girlfriend, then 21, became pregnant. He said they parted company 18 months after the Aug. 6, 1967 birth.

Before being forced out of office on Wednesday, Mr. Yeo had initially received support from Prime Minister John Major, who said the minister's private life was his own business. But his affair was judged incompatible with a government crusade against single mothers and the permissive society.

10,000 Flee as Kabul Truce Holds

TORONTO, Pakistan (Reuters) — Nearly 10,000 Afghan refugees flooded across the border into Pakistan on Sunday, escaping a week of factional battles in the Afghan capital, Kabul.

Rocket and artillery exchanges between fighters loyal to President Burhanuddin Rabbani and others led by a former communist warlord halted on Saturday after the two sides agreed to a temporary cease-fire to allow diplomats to leave. The truce was extended Sunday for another 24 hours.

IRA Leader Calls Major 'Dishonest'

BELFAST — The leader of the IRA's political wing on Sunday accused Prime Minister John Major of Britain of "deliberate dishonesty" after Mr. Major refused to clarify details of an British-Irish peace plan for Northern Ireland.

Mr. Major told a television interviewer he was prepared to be patient while the Irish Republican Army pursued its "process" to the outlines of a peace accord that he and Prime Minister Albert Reynolds of Ireland reached on Dec. 15. But he ruled out giving Gerry Adams, head of the IRA political wing, Sinn Fein, the details he demanded. Mr. Major said he would not be drawn into "backdoor" negotiations.

"What is John Major afraid of?" Mr. Adams said in a statement. "If he has a peace settlement, why does he not spell it out? He is being deliberately dishonest in trying to shift the onus onto Sinn Fein." Mr. Adams said he wanted more details on a reference to national self-determination — the right of all people, north and south, to decide the future of their island.

Kenya Investigates Leakey's Agency

NAIROBI (Reuters) — Kenya has announced an investigation of its wildlife service, headed by Richard Leakey, and newspapers said on Sunday that the conservationist may have fallen out of favor with the country's leaders.

Tourism and Wildlife Minister Noah Keketi Ngala announced the inquiry into allegations of corruption and mismanagement in the Kenya Wildlife Service. His announcement came after a local government minister had accused Mr. Leakey of running the service as his "private organization" and of favoring white ranchers against indigenous Africans.

Last week 23 local officials accused the service of failing to share revenue from tourism and called for Mr. Leakey to be dismissed. Mr. Leakey, 48, the Kenya-born son of the anthropologist Louis Leakey, has declined to reply to the allegations. The Sunday Nation newspaper speculated that part of the reason for the attacks could be a desire by corrupt groups in Kenya to get their hands on some of the money flowing into the wildlife service.

U.S. Chides France Over Iranians

WASHINGTON (NYT) — The United States has voiced dismay with France's decision to send back to Tehran two Iranians who are wanted on murder charges in Switzerland.

State Department officials said that the action was "inexplicable," adding that they were concerned that France was trying to buy off Iran in its decision to repatriate the two men, who are charged with assassinating an Iranian dissident outside Geneva in 1990. In a statement, the State Department said: "We do not understand France's decision to return the two suspects to Iran before they could be tried, particularly in view of the Swiss extradition request for the two men."

One American official said that the statement would have been harsher but that the United States did not want to create too much bitterness just before the NATO summit meeting in Brussels.

TRAVEL UPDATE

France Fights Floods as Rivers Drop

PARIS (AFP) — Swollen rivers began receding Sunday in all of southern France as rescue workers in the southeastern Camargue region of the Rhone River Delta intensified efforts to protect fields from flooding.

Meanwhile, in the southeastern village of La-Salle-en-Beaumont, the authorities said they had little hope of finding alive two elderly couples who were buried by a mud slide overnight Friday.

In the Camargue region, which Prime Minister Edouard Balladur was touring by helicopter Sunday afternoon, about 700 people worked to combat flooding. At Mas du Roi, where floodwaters had closed a highway, helicopters operating around the clock closed a breach in river banks by dropping bags filled with gravel. A similar operation was under way near Albaron, where a dam had burst. In the Rhone-Alpes region, about 5,000 people were without electricity for the third day on Sunday after heavy snow caused a transformer to catch fire.

Britain's crown jewels were carefully wrapped on Sunday, carried up 49 steps and placed in new bulletproof cases, where they will be seen by even more tourists each year. The crown jewels, including the world's largest diamond and about 20,000 other gems, will be displayed in a new Jewel House at the Tower of London, which Queen Elizabeth II will open March 24.

Electrical storms and heavy rain lashed New Zealand's South Island on Sunday, trapping hundreds of tourists hiking in forests in the southeast. Helicopter rescues began with the airlift of 50 people who had been stranded in a lodge near the fjord resort town of Milford, the New Zealand Press Association reported.

In a health warning for Dade County, Florida, officials advised thorough washing of food and washing of hands before eating after 13 cases of typhoid fever were reported in the county. All of the cases appeared to have been contracted in Miami, state health officials said.

Hundreds of workers pumped out a large hole that ran around and broke open close to shore of San Juan, Puerto Rico, fouling beaches and leaving a nauseating odor in the center of the tourist district.

Turkey expects 7.5 million visitors in 1994 to produce revenue of at least \$4.5 billion, or 12 percent more than last year, said the country's minister of tourism, Abdulkadir Atas. The rise is forecast despite Kurdish guerrilla attacks aimed at tourism in 1993.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Colombia, Puerto Rico, Singapore, Venezuela.

TUESDAY: Albania, Morocco, Nepal, Singapore.

WEDNESDAY: Burma, Tanzania, Turkmenistan.

FRIDAY: Sri Lanka.

SATURDAY: Japan.

Sources: J.P. Morgan, Reuters.

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THE AMERICAS / WHITEWATER

Gore Returns Fire in Clinton Land-Deal Affair

By Paul F. Horvitz

International Herald Tribune

WASHINGTON — Vice President Al Gore launched a defense of the Clinton family and its financials on Sunday, charging that Republicans were calling for investigations solely for political gain and that they showed a lack of "common decency" in attacking the president on the day he was burying his mother.

"They have done nothing wrong," Mr. Gore declared in a nationally televised interview after he was asked about land investments in Arkansas by President Bill Clinton and his wife, Hillary, during the 1980s.

The Clintons, Mr. Gore said, are in the process of turning over "every shred" of their files on the land investment to an investigator for the Justice Department.

Political opponents of the president, he said, were in a panic because the U.S. economy is improving in a congressional election year and they have decided to engage in a "personal attack" on Mr. Clinton.

"This is a political attack," he said, refer-

ring to the political "opposition" but not naming any names.

To assign an independent counsel to the matter, without credible evidence of wrongdoing, would set a poor precedent, Mr. Gore said. Some Democrats in Congress also believe an independent counsel should be appointed, largely to deflect the Republican pressure. Senator Daniel P. Moynihan of New York said Sunday that he favored appointment of an independent counsel.

The Clinton's investment in a resort called Whitewater has come under scrutiny because their former partner, the failed development project ran a savings bank in Arkansas that is under federal investigation.

The bank's deposits needed a federal bailout, and some bank funds may have been used by the partner to help finance Mr. Clinton's political campaigns in Arkansas.

Moreover, Mrs. Clinton, a lawyer, was temporarily involved in the bank's legal matters. And questions have been raised about the role in overseeing the bank of an appointee of Mr. Clinton's while he was governor.

"But there has been no substantive report

so far that the Clintons did anything illegal or knew of the source of the campaign contributions. The Clintons say they lost money on the failed land project.

Leading Republicans in Congress, led by Senator Bob Dole of Kansas, have repeatedly called for the appointment of an independent counsel. Mr. Dole reportedly expressed that view again on Saturday, the day Mr. Clinton's mother, Virginia Kelley, was being buried in Arkansas.

"There's a little bit of political panic," Mr. Gore said. "So they're unleashing these political attacks on him."

■ Aides Map New Strategy

Ann Dewey of The Washington Post reported:

Clinton administration aides are constructing a new offense to rebut charges relating to the president's involvement in the Whitewater deals that could include selective public release of documents turned over to the Justice Department under subpoena last week.

According to a senior adviser in Wash-

ington, key officials have been laying the groundwork for more than a week for a more aggressive White House defense.

One element of the new strategy was reflected Sunday in Mr. Gore's attack on the Republicans.

His appearance was one of a series by senior officials in which the major theme was that the issue was partisan, that it was created and fed by Republicans.

Another major element would be public release of selective records dating to the 1980s that the White House would use to answer some of the questions surrounding the Clinton financial affairs.

The president and Mrs. Clinton have staunchly resisted releasing additional private records. But some key members of the newly formed Whitewater defense team at the White House are expected to make the case to Mrs. Clinton that hopes of the issue fading are slim and that the White House ought to use its available records to make what one official called selective "affirmative cases."



Stephen R. Brown/The Associated Press

CHANGE OF VENUE — Supreme Court Justice Ruth Bader Ginsburg, left, and her high court colleague Antonin Scalia, center, with cast members after a performance of "Ariadne on Naxos" at the Washington Opera. The justices, both opera lovers, appeared as extras on Saturday night.

■ Cuomo Seeks 4th Term in N.Y.

ALBANY, New York — Governor Mario M. Cuomo of New York has announced that he will run this year for a fourth term, saying he wants the chance to help the state rebound from a recession that has sapped its economic vitality and his own popularity.

Lieutenant Governor Stan Lundine, who was Mr. Cuomo's running mate in 1986 and 1990, will run again at Mr. Cuomo's side, the governor said in a statement.

Mr. Cuomo detailed his accomplishments but said he recognized that the public was discontented. "I don't need polls to tell me that at this moment the people are concerned and angry, and they are registering their strong disapproval with those of us in command," he said. "I know that makes us underdogs as we enter this race."

The vicar of the Roman Catholic archdiocese here, Father Gonzalo Iuarte, dismissed the government's claims of involvement in the rebel army by church members as "calumnies, lies and slander."

"The sin of the church has been to tell the truth not only to the world but so that the victims of these injustices, this poverty, might know their situation and their rights," he said.

In answer to what has been a chorus of questions about why the government did not more quickly detect and control a force that officials estimate at as many as 2,000 fighters, the report said that federal and local officials had reacted "since the detection of the first illicit activities" by the insurgents last year.

But neither the report nor the officials who presented it in Mexico City offered an explanation for how the government could have followed the movement so closely without learning of the operation it launched on Jan. 1.

■ A New Entry in Primary Speedup

WASHINGTON — More changes are brewing in the presidential primary calendar for 1996. Governor Cuomo tossed a surprise into his State of the State message last week by urging the legislature to move New York's primary from early April to March 5, 1996, the earliest date allowed under Democratic rules.

That would make it the premier contest after the Iowa caucuses and the New Hampshire primary and would put New York three weeks ahead of California, which recently shifted its primary date from June to March in order to give the state greater influence in the nomination process.

Mr. Cuomo feared that California's move would render New York's primary meaningless. If he succeeds in his goal, it will guarantee that the parties know the identity of their nominees by the end of March 1996. Other big states that will hold primaries in March include Texas, Florida, Illinois, Michigan and Ohio — and possibly Pennsylvania and Wisconsin.

The increasingly front-loaded primary calendar will give an advantage to candidates who are well-known nationally and have the ability to raise a substantial amount of money before the primary season begins.

For Republicans, it is likely to accelerate the process of organizing a campaign and will mean 1995 will be a year of intensive fund-raising by the major candidates. (NYT)

■ Quote/Unquote

Pamela Harriman, the U.S. ambassador to France, speaking of President Bill Clinton on the eve of the NATO summit meeting in Brussels: "The Europeans don't know him. Too many of them see him as a man who plays the saxophone by night and wears running shoes by day. Next week he needs to show them his brains, his scope, his leadership."

Black Leaders Reject 'Simplistic' Approach To Fighting Crime

By Steven A. Holmes

New York Times Service

WASHINGTON — With their communities so ravaged by crime that even people like the Reverend Jesse L. Jackson are saying they sometimes fear encountering young black men on the street, a group of black politicians, sociologists, ministers, celebrities and civil rights leaders met here in what some acknowledge is an increasingly desperate search for answers.

Although they agreed that the problem was rapidly spinning out of control, they condemned the solution most often offered to deal with it: stiffer prison sentences and more jail cells.

"We've got to take the initiative, even if it's an uphill struggle to move government and the country away from this simplistic approach to the crime problem," Representative John Conyers Jr., Democrat of Michigan, said at the conference, which was organized by Mr. Jackson.

The hard-line method is embodied in the crime bill recently passed by the Senate. It calls for mandatory minimum sentences for certain violent crimes, the construction of more jails and permitting prosecutors to charge juveniles as adults for certain federal crimes.

But many conference participants argued that such steps would not solve the crime problem.

They contend that the prison population has nearly tripled since 1980 and yet the crime rate, particularly in black neighborhoods, has continued to rise. They also point out that the rate at which people are victimized by criminals is growing four times as fast among blacks as among whites.

Even staunch opponents of the crime bill acknowledged that it would be difficult to derail it. The measure calls for spending \$22.3 billion over five years on anti-crime efforts.

Still, conference participants say they intend to seek an alternative measure, drafted by the Congressional Black Caucus, that directs more money into crime-prevention, drug treatment and job creation.

"If it's the opening shot of one of the great battles, we're going to have, not only in 1994, but in the coming decade," said Representative Don Edwards, Democrat of California.

But if the conference illuminated an emerging consensus among blacks on the importance of crime, it also provides stark evidence that a meeting of the minds on the solutions may be difficult to reach.

For example, in the conference's opening panel, on violence against women, C. Dolores Tucker, head of the National Political Congress of Black Women, said misogyny and inflammatory lyrics of some hip-hop music was provoking abuse against black women. She said her group would be picketing records stores that sold such music.

Ms. Tucker was immediately warned by Laura Murphy Lee, director of the Washington chapter of the American Civil Liberties Union, that blacks should be careful not to align themselves with rights groups that advocate censorship.

And several people in the audience, including teenagers and college students, said rap music did not cause violence but only mirrored the experience of many youths in the inner city.

And although several attending the conference condemned the provision in the Senate bill that allows juveniles to be charged as adults for certain crimes, that amendment was sponsored by Senator Carol Moseley-Braun, Democrat of Illinois, the only black in the Senate.

"Everything we see in the black community right now is on the level of exhortation," said Milton Morris, vice president of the Joint Center for Political and Economic Studies, which researches black-oriented issues. "But in terms of what we do in policies, strategies and programs, I don't see anything yet."

The truth is, it's tough and difficult to find solutions," he said. "All the solutions before us are either Draconian, prison-oriented types of measures or the kind of costly long-term violence prevention efforts that I don't think the society right now has the patience or the will to take on."

Sri C. Saraswati, Leader Of Hindus, Is Dead at 99

Compiled by Our Staff From Dispatches

NEW DELHI — Sri Chandrasekharendra Saraswati, Swamiji, the Hindu spiritual leader, has died

at the age of 99.

The swamiji had complained of chest congestion shortly before he died Saturday on the campus of the Kanchi Kamakoti Peetham in southern India, one of the highest seats of Hinduism. The Hindu and other newspapers reported.

Chandrasekharendra Saraswati, known to his followers as the periyar (elder), took up spiritualism in 1907. In 1918, he undertook a 21-year pilgrimage of India on foot. The swamiji would have been 100 years old on May 25.

The Indian prime minister, P. V. Narasimha Rao, and other political figures attended his funeral ceremony. Mr. Rao said the world had lost a great sage.

King Birendra of Nepal said the death of the swamiji was a loss to the "entire Hindu world."

(AP, Reuters)

Oscar Fraley, Co-Author "Of The Untouchables," 79

FORT LAUDERDALE, Florida (Reuters) — Oscar Fraley, 79, a former sports reporter who wrote the book "The Untouchables" with Eliot Ness, died of heart failure Thursday at his Fort Lauderdale home, his wife, Imogene said.

Mr. Fraley, a United Press international reporter for 25 years, was introduced in 1956 to Mr. Ness, the federal agent who brought down the Chicago mobster Al Capone.

The book, published shortly before Mr. Ness's death in 1957,

sold 1.5 million copies and was later produced as a television series and as a 1987 film starring Kevin Costner.

Gregory Osborne, 39, former lead dancer with the American Ballet Theatre and the National Ballet of Canada, has died of cancer at New York Beach, California.

Marty Sted, 69, chairman of Japan's Mitsubishi Electric Corp. since 1992, died Sunday in Tokyo of intestinal bleeding. With Mitsubishi since 1947, he built up its semiconductor section and to establish overseas production centers.

Rabbi Malcolm H. Stern, 78, a historian and the foremost genealogist of Jewish families in the United States, died Wednesday in New York. His 1960 book, "American Families of Jewish Descent," was the first genealogical survey of its kind, covering the period 1654-1840.

Oscar Fraley, Co-Author "Of The Untouchables," 79

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It is far from finding a consensus candidate who could also win the critical support of the Conservative Party, which fielded its own candidate in 1990 and split the anti-Cuomo vote with the Republicans; the governor won that race with 53 percent of the vote.

(NYT)

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مكتبة الأصل

Slovaks Join Hungary in Accepting Partnership

By Paul Lewis

New York Times Service

BRATISLAVA, Slovakia — The tiny new nation of Slovakia, created a year ago when Czechoslovakia split in two, on Sunday became the second East European country to defer hopes of joining NATO soon, accepting President Bill Clinton's plan for a vague security partnership with the West.

But Slovakia, which has 5 million people, also made clear as it endorsed the Partnership for Peace that it is doing so less out of fear of Russia than because it sees such a NATO link as protection against separatist demands from its Hungarian minority.

Hungary, the first country to accept the initiative, informed Madeline K. Albright, the chief U.S. delegate to the United Nations, of its decision Saturday.

Slovakia's acceptance means that two of the four Eastern countries that until recently had considered themselves ready for full NATO membership have agreed to settle for less. The other two are the Czech Republic and Poland.

On Monday, the American team seeking the support of the four — led by Mrs. Albright and the chairman of the Joint Chiefs of Staff, General John M. Shalikashvili — will see Czech leaders.

At talks in Warsaw on Friday, President Lech Walesa refused to drop his demand for immediate membership in the North Atlantic Treaty Organization, but said he would give his reply to the new offer when he met President Clinton in Prague later this week.

Under the Partnership offer, which is open to all former Warsaw Pact countries, including Russia, those that join would accredit permanent representatives to the alliance's Belgian headquarters.

The Hungarian foreign minister, Geza Jeneszky, said his country did not share "the cynicism" of some East European governments that set the American plan as a substitute for NATO membership, not a step toward it.

But he said, "in the long run, there are no valid historical, political, or strategic reasons that should keep Hungary out of NATO."

On Thursday, the Czech prime minister, Václav Klaus, told his government that had accepted the Americans' "gradual approach" to NATO cooperation with Eastern and Central European countries.

Many in the former Warsaw Pact countries are still skeptical, against possible Russian aggression. But NATO members are reluctant to strengthen military extremists in Russia.



Mr. Clinton accepting a saxophone on Sunday in Brussels. The gift was presented by a delegation from Dinant in southern Belgium, the birthplace in 1814 of Adolphe Sax, the instrument's inventor.

CLINTON: Reassuring Continent

Continued from Page 1

its drive toward unity stalled last year.

"Europe as a whole cannot be secure if the Eastern half remains in turmoil," Mr. Clinton said.

At another point in his speech,

he declared: "The new security

measure found in Europe's integra-

tion, an integration of security

forces, of market economies, of na-

tional democracies. The purpose of

my trip to Europe is to help lead the

movement and to assure you that

America will be a strong partner in

it."

After Mr. Clinton speaking, the

president walked into the Grand

Hotel, one of Europe's most elegant

squares, which is surrounded by the

soaring baroque facades houses

owned by the city's medieval

guards. Unfortunately for Mr. Clinton, his view of their stone

and gilt splendor was limited, be-

cause they are sheathed in

scuffing for repair work.

He emerged from City Hall to

the strains of "Rhapsody in Blue,"

played by the White House

orchestra, the American compo-

ser George Gershwin, spent a lot of

time in Gershwin's home, the im-

perial residence, the most famous

house in Europe.

Then he strolled around the pre-

dicts of the brightly lit square

with a huge "Christmas tree" at its

center, a nearly half-hour, waving

and cheering with onlookers.

By STEPHEN DAVIS

Illustrated \$30, page

322. William Morrow & Co.

Reviewed by

Margo Jefferson

THE tale of The Band is a com-

plex, tattered version of the classic

show-business tale in which

the need to sing or play or dance or

act, work variably year after year, until

one day an all-powerful producer spots them, plucks them out of

the small-time and sets them on

the road to fame.

That's the tale, as told by Levon

Helm in "This Wheel's on Fire,"

is still worth hearing, a lot to do

with the fact that Helm wanted to

make good rock 'n' roll more than

he wanted to be a solo-driven rock

superstar.

As The Band's drummer, he was

certainly part of a superior ensemble.

The group became famous when it

started to play with Bob Dylan in

1965, and it had become legendary

by the time Martin Scorsese filmed

"The Last Waltz," its farewell concert, in 1976. In the intervening 18 years, The Band did it all: recorded

best-selling albums, won critical

hearts and minds, appeared on "The

Ed Sullivan Show" and made the

cover of Time magazine.

Although the group's other

members came from Canada, Helm

was born in the land where rock 'n'

roll myth began, a land of "tenant

farmers" and "shantycampers, field

hands and water-boys," on a cotton

farm near Turkey Scratches, Arkansas.

Roy Rogers and Dale Evans

movies played every Saturday af-

ternoon, and if your radio wasn't

working well, you plugged it into

the tractor so as not to miss "The

Grand Ole Opry," "The Shadow,"

and "Amos 'n' Andy."

Mark Lavelle Helm got his first

guitar in 1949 at age 9, and the

guitar taught him that he wasn't

meant to be a cotton farmer. By the

time he was 12, he and his sister

Linda were singing at 4-H Club fairs

across the state. There they were, he

and Linda, looking like Bobby Van

and June Allyson, serenading the

future "farmers" of America with

Chuck Berry's latest tune.

Along the way, he got the kind of

musical education any rocker would

have killed for. He heard Bill Monroe

play the bluegrass and Sonny Boy Wil-

BOOKS

Reviewed by

Lev Gorn

Helm

with Stephen

Davis

Illustrated

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Lev Gorn

BUNNACLE

International Herald Tribune, Monday, January 10, 1994

Page 7

CAPITAL MARKETS

Congo, in Default, Adds Meaning to 'Junk' Bond

By Carl Gewirtz
International Herald Tribune

PARIS — The term "junk bond" was given new meaning last week when a Hong Kong money broker, in a maiden venture as a bond underwriter, launched the first international bond issue for Congo. The epithet is used to cover a wide range of issues that are highly risky and therefore promise a high return. The junk bonds of the international capital market are mostly issued by debtors in the emerging markets — Third World governments, state-owned companies and private enterprises.

Congo's offering — a nominal \$600 million of zero-coupon bonds — breaks new ground insofar as it is believed to be the first issue from a country that is still in default on its outstanding debt and that has no program in place aimed at correcting the situation. As of the end of 1992, the latest period for which data is available, Congo's external debt totaled \$4.8 billion on which it owed \$1.5 billion in unpaid interest and principal. Some \$600 million of these arrears was due to private creditors.

Although the bank debt is rarely traded, a London banker said that when last seen, Congo's debt was changing hands at 9 cents to the dollar.

Equally striking, especially in light of the political turmoil within the country, is the size of the issue. While the market has become accustomed to billion-dollar deals, even from developing country borrowers, the amount is huge for Congo. It is equal to 12.5 percent of the country's total external debt and 70 percent of what it owes to commercial banks in the industrial nations.

A major part of that was lent by French banks. The senior African loan officer at one leading French bank, who asserts that his institution no longer lends to Congo, said he was "staggered" by the fact that the country could borrow such an enormous amount.

What is supposed to make the deal acceptable to fans of emerging market paper is that the annual amortization is secured by the taxes and royalties paid by a local oil company that is 80 percent owned by Agip SpA of Italy.

The Italian state-owned company has provided a letter of comfort stating it is aware of the assignment, but neither it nor its affiliate bears any responsibility. The issuer of the paper is Congo, which is one of the larger non-OPEC suppliers of oil with daily output estimated to average 190,000 barrels.

An outside auditor, Price Waterhouse & Co., has given an opinion that it is satisfied that the payment schedule is "fair and achievable" in light of the oil company's current activity, and Amis S. Jahanian at Quimby Capital, the Hong Kong-based underwriter.

See BONDS, Page 2.

The \$600 million issue is equal to 12.5 percent of the country's external debt.

China Vows To Rein In Deficit of \$12 Billion

Compiled by Our Staff From Dispatches

BEIJING — China said Sunday that wide-ranging reforms instituted this year will help roll back its trade deficit in 1994, but economists said rapid domestic growth made such a deficit year inevitable.

The 1993 deficit, the first in four years, was \$12.18 billion, state radio reported Saturday. It was the second-highest deficit on record after a \$14.9 billion deficit in 1985.

Imports rose 20 percent from the 1992 level, to \$103.95 billion, and exports rose 8 percent, to \$91.71 billion.

The main cause of the deficit was the boom in China's gross national product, which rose 13 percent from a year earlier, sucking in imports and giving local producers a lucrative alternative market to export their products.

The Economic Daily, an official newspaper, was optimistic about the prospects for 1994. "Thanks to the reform steps in foreign trade and the exchange rate, we expect exports this year to increase substantially and import growth to slow," it said.

But a Japanese economist said the economy still contained many factors of instability that could push up the growth rate and inflation, including excess capital investment, excess spending by localities, low industrial efficiency and the misuse of funds.

Separately, the China Daily Business Weekly reported Sunday that China planned to halt duty-free sales of imported cars to foreign-funded companies.

It said the move was part of government efforts to aid domestic carmakers.

(Reuters, AP)

U.S. to Get BCCI Figure Suit Against Abu Dhabi Is Dropped

By Sharon Walsh
Washington Post Service

WASHINGTON — U.S. prosecutors and banking officials have settled a legal and diplomatic battle with Abu Dhabi that is linked to the Bank of Credit & Commerce International financial scandal.

As part of the agreement, the Justice Department said Sunday, Abu Dhabi agreed to send a key BCCI official, Suleh Naqvi, to the United States to stand trial for his role in the scandal, Reuters reported. Department officials said Mr. Naqvi would be turned over within 120 days to face U.S. criminal charges.

Under the deal, the royal family of the Gulf emirate agreed to give up claims to \$400 million that it had invested in First American Bankshares Inc., a Washington bank that was owned by BCCI.

The deal also gives U.S. prosecutors permission to immediately question Mr. Naqvi in Abu Dhabi, where he is under house arrest, sources familiar with the accord said Sunday. Mr. Naqvi was the deputy to BCCI's Pakistani founder, Aga Hassan Abedi.

In return, a \$1.5 billion civil lawsuit filed against Abu Dhabi's ruler by First American's court-appointed trustee will be dropped, the sources said. U.S. prosecutors also have agreed not to pursue any criminal charges against the emir's leader, Sheikh Zayed bin Sultan bin Nahayan, who was the majority shareholder in BCCI.

With the dropping of Abu Dhabi's claims on the \$400 million, about half will go to the U.S. Treasury and the other half to BCCI depositors throughout the world who lost money when the bank was closed in 1991 amid fraud allegations.

The settlement, signed Saturday after four days of secret meetings in Geneva, also will give U.S. officials access to thousands of BCCI documents that were taken from London to Abu Dhabi by Mr. Naqvi before the bank was shut down.

"This is a remarkable agreement in terms of what we've succeeded in getting," said the deputy U.S. attorney general, Philip B. Heymann.

The Manhattan district attorney, Robert M. Morgenthau, and the Justice Department have fought for more than three years for the chance to interview Mr. Naqvi and other witnesses in Abu Dhabi.

Mr. Abedi, 71, lives in Pakistan, and because he suffered a stroke several years ago, is reportedly unable to be interviewed. But Mr. Naqvi may be able to tell investigators how BCCI came to illegally

own four U.S. banks, including First American, and who knew about it in the United States.

Sheikh Zayed, in addition to being majority owner of BCCI, owned 28 percent of the stock of First American, in the deal reached Saturday, he gave up that stake.

The sheikh has said that he was duped by Mr. Abedi and Mr. Naqvi, and that he and his family were the biggest victims of BCCI's fraud.

In June, the board of First American filed a civil racketeering suit, seeking \$1.5 billion from the Abu Dhabi royal family and other defendants, alleging for the first time that Sheikh Zayed played an active role in BCCI's fraud.

The \$400 million includes about \$235 million plus interest that Sheikh Zayed had lent First American over several years when it was losing money because of reports that it was owned by BCCI.

As part of the agreement, \$50 million of the funds that might have gone to Sheikh Zayed will be used to help pay the severance of about 1,000 former First American employees who lost their jobs when First American's bank branches and other assets were sold last year to First Union Corp. of Charlotte, North Carolina. First American still exists as a legal entity.

The money also will pay the costs to continue the civil suit brought by the court-appointed trustee, Harry W. Albright Jr., against other defendants, including the former First American officials Clark M. Clifford and Robert A. Altman.

In September, Mr. Altman was acquitted of criminal charges of bank fraud in New York. Similar charges against Mr. Clifford, a former defense secretary and presidential adviser, were dropped because of his poor health.

Emirates Court Summons for Abedi

The United Arab Emirates has issued a summons to bring Mr. Abedi to trial for his alleged role in the BCCI scandal. Reuters reported from Abu Dhabi.

The summons was published Saturday as an advertisement in the English-language daily Emirates News. It instructed Mr. Abedi to appear in the Abu Dhabi criminal court on Jan. 22.

It was not immediately clear whether the summons, dated Jan. 5, had been delivered to the authorities in Pakistan, which does not have an extradition treaty with the United Arab Emirates.

QVC Is Planning 2d Court Action Against Viacom

Compiled by Our Staff From Dispatches

NEW YORK — An adviser to QVC Network Inc. said Sunday that the company would take Viacom Inc. to court, probably on Monday, to block the rival's latest takeover bid for Paramount Communications Inc.

The court action would be the second of the protracted takeover battle. It would aim at blocking the joint bid made Friday for Paramount by Viacom and Blockbuster Entertainment Corp., the QVC adviser said. Viacom, which is also to merge with Blockbuster as part of the deal, values the bid at \$9.75 billion.

"The new Viacom offer is inferior to ours and therefore the auction process is over and we don't have to extend our tender offer," the QVC adviser, who asked not to be identified, said. "We will go to court, probably tomorrow, to block the consideration of Viacom's bid."

Several analysts estimated QVC's bid at about \$82 a share, or \$9.9 billion, even though the cash part of that bid is lower than Viacom's offer.

QVC, a home-shopping network concern headed by the former Paramount executive Barry Diller, said Friday that Viacom's new proposal violated procedures of a court-sanctioned auction for Paramount and should not result in a round of bidding.

Also, QVC said it believed the new offer "will be less than Viacom's estimate and even less than Viacom's previous offer."

Viacom, which owns MTV and other cable networks, boosted its offer for Paramount in a last-minute announcement Friday. In the two-part deal, Viacom offered to pay \$105 a share for 50.1 percent of Paramount, up from \$85 it previously offered. It would buy the rest of the company with an exchange of Viacom stock — the "back end" of the deal.

But Viacom lowered the value of the share portion of its offer, to about \$3.2 billion by its own reckoning, from about \$4.3 billion. Its previous bid was worth a total of about \$79 per share, depending on fluctuations in the stock price.

'Not for Sale,' Macy's Chief Tells Federated

Reuters

NEW YORK — The chairman of R.H. Macy & Co., in his strongest reaction to Federated Department Stores Inc.'s overtures, has said that Macy is not for sale.

The executive, Myron Ullman, made the comments in a videotape released Sunday. Mr. Ullman also reiterated an earlier statement that Federated's \$449.3 million purchase of secured Macy debt a week ago had not altered Macy's plans to shape its own reorganization. Macy is operating in Chapter 11 bankruptcy proceedings.

"The company is not for sale," Mr. Ullman said in the tape. "We see our responsibility of having a strong independent Macy's and that is our game plan."

Federated, which operates the Bloomingdale's and Abraham & Straus store chains, has said it is interested ultimately in owning all of Macy.

Paris Notebook

If Euro Disney's Debt Is Written Off?

As the accounting firm KPMG Peat Marwick nears completion of its audit this week of Euro Disney SCA on behalf of 50 banks that lent 22 billion francs (\$3.7 billion) to the troubled theme park near Paris, the market is beginning to ponder what would happen if the banks were forced to write off a large chunk of the debt as part of a financial restructuring deal.

In London, a Euro Disney watcher, Nigel Reed of Panmure Capital Markets, said the bank consortium could have to erase 11 billion to 17 billion francs in loans in an eventual deal with Walt Disney Co., sending shock waves through the Paris financial markets.

"An awful lot of banks in Paris will be feeling this," Mr. Reed said.

A Paris analyst, however, said such an outcome would prove less damaging than embarrassing, particularly for Banque Nationale de Paris, which reportedly lent more than 300 million francs, and possibly twice that. BNP led off the French government's privatization program last fall, and a significant write-off now would set back the bank's efforts to rebuild profits. It might also affect privatization plans for other companies.

Whoever says unanimous, says impossible," said Christian Desbois, a bond fund manager at Fimagest in Paris.

But the lender most exposed to Euro Disney's financial problems is, indirectly, the French taxpayer. The Caisse des Dépôts, the state-owned savings institution, is the park's single biggest lender.

A bond loophole

A major element in Euro Disney's debt — a 4 billion franc convertible bond — is likely to be put off-limits in an eventual restructuring, thanks to carelessness by the banks that prepared the prospects for the international investment community.

The English version of the prospectus for that issue, made in the summer of 1991, included language that would protect the investor from any changes in the conditions of the bond's redemption, such as deferring payment of interest or principal. A clause states that any such changes can only be made with the consent of "all" the bondholders.

The French version, however, states that bondholders would be covered by a French law allowing for such changes if a simple majority approved the modifications.

"Whoever says unanimous, says impossible," said Christian Desbois, a bond fund manager at Fimagest in Paris.

It is likely, he added, that the least restrictive version — that outlined in the English prospectus — would have to be applied to all bondholders in the interest of fairness.

Weighing a Car-Tax Cut

Fearful that French consumers have decided to put away their wallets until better days, the government is considering measures to incite more spending, particularly to boost the recession-hit auto industry.

Among the ideas being bounced around at the Finance Ministry is a cut in the value-added tax, which accounts for nearly a sixth of the price of a new car.

The VAT on cars has been cut four times since 1987, when it was at the "luxury" rate of 33.3 percent. It is now at the standard rate of 18.6 percent.

Although the cuts appeared to help the car market's boom in the late '80s — sales grew from 1.9 million units in 1986 to 2.3 million units in 1990 — they may have, at best, slowed down the sales decline since then.

Jacques Neher

German Banks Are Assailed

Called on for financial support to a rescue package to keep the metal miner, refiner and trader from falling into insolvency as a result of the losses, blamed on overexpansion and miscalculations in oil trading.

Mr. Lembdorff, former chairman of the Free Democratic Party, made the comments in an interview with Handelsblatt.

He said the concentration of power in the banks made them ineffective as members of supervisory boards. Mr. Lembdorff has long been a critic of Germany's universal banks, which combine the functions of commercial banks, merchant banks and brokerage houses.

Deutsche Bank and Dresdner Bank are Metallgesellschaft's major shareholders. They are being

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Canadian Dollars

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Jan. 7.

New International Bond Issues

Compiled by Laurence Desvrettes

Issuer	Amount (millions)	Mat. 2004	Coupl. %	Price and week	Terms
Floating Rate Notes					
American Express	\$200	2004	0.16	99.95	Over 4-month Libor. Noncallable. Fees 0.50%. Lehman Brothers Int'l
Barclays Bank	\$100	1996	3%	100	Over 3-month Libor. Noncallable. Fees 0.20%. Merrill Lynch Int'l
DKB Int'l	\$60	2004	0.45	100%	Interest will be 0.45 over 6-month Libor until 1997, thereafter a fixed 2%. Callable at par 1997. Fees 0.30%. DKB Int'l
Nissan Int'l Finance	\$100	1998	Libor	100.45	Interest will be the 3-month Libor. Noncallable. Fees not disclosed. Merrill Lynch Int'l
Norddeutsche Landesbank	\$100	1996	1	100	Over 5-month Libor. Noncallable. Fees 0.30%. Denominations \$10,000. Merrill Lynch Int'l
Robobank	\$100	1995	—	100	Interest will be based on the spread between the 3-month Libor and the 3-month dollar Libor. Noncallable. Fees not disclosed. Denominations \$10,000. (Robobank SocGen)
Bradford & Bingley Building Society	£150	1999	1%	100	Over 3-month Libor. Callable or par in 1997. Fees 0.225%. Denominations £10,000. (SocGen Mortage)
Ford Credit Europe	£100	1999	1%	99.85	Over 3-month Libor. Callable or par in 1997. Fees 0.225%. Denominations £10,000. (SocGen Mortage)
Finland Export Credit	Y10,000	1997	0.40	102.18	Over 3-month Libor. Noncallable. Fees 0.1875%. (Nordea Int'l)
Finland Export Credit	Y5,000	1999	0.30	103.68	Interest will be 0.30 over 3-month Libor until 1997, thereafter the 5-year yen swap rate. Noncallable. Fees 0.25%. (Merrill Lynch Int'l)
Oesterreichische Kontrollbank	Y30,000	2001	0.30	107.84	Over 6-month Libor. Noncallable. Fees not disclosed. Denominations 100 million yen. (Raiffeisen Europe)
Spinat	Y25,000	1996	0.20	100.25	Over 3-month Libor. Noncallable. Fees 0.125%. (Nordea Int'l)
Sweden	Y50,000	1999	0.60	104.70	Over 6-month Libor. Noncallable. Fees not disclosed. Denominations 100 million yen. (Raiffeisen Europe)
Fixed-Coupons					
Abbey National Treasury Services	£1,000	1997	5	101.30	100.40. Refunded at 100%. Noncallable. Fees 1.60%. (Goldman Sachs Int'l)
American Telephone & Telegraph	\$400	1999	5%	101.17	100.45. Refunded at 99.95%. Noncallable. Fees 1.60%. (CS First Boston)
Canadian Wheat Board	\$250	1997	4%	101.08	100.25. Refunded at 99.92%. Noncallable. Fees 1.60%. (UBS)
Congo	\$600	2003	zero	82	Yield 9.6%. Noncallable. Proceeds \$482 million. Fees 2.5%
Electricité de France	\$250	1997	4%	100.97	Refunded at 99.81%. Noncallable. Fees 1.60%. (Paribas Capital Markets)
Société Nationale des Chemins de Fer Français	\$250	1997	4%	101.00	Refunded at 99.82%. Noncallable. Fees 1.60%. (Dow Jones Europe)
Boyer Hypo Finance	DM 500	2004	6	101.10	98.95. Noncallable. Fees 2.25%. (Boyerische Hypo Bank)
Boyerische Vereinsbank	DM 1,000	1999	5	101.45	99.40. Refunded at 99.55%. Noncallable. Fees 2%. (Boyerische Vereinsbank)
BHF Finance Netherlands	DM 200	2004	6	100	98.35. Noncallable. Fees not disclosed. (BHF Bank)
Deutsche Finance (Netherlands)	DM 1,000	2004	5%	101.75	99.22. Refunded at 99.23%. Noncallable. Fees 2.5%. (Deutsche Bank)
DSL Finance	DM 1,000	1999	5	101.15	97.35. Refunded at 99.40%. Noncallable. Fees 2%. (Deutsche Bank)
Trinkaus & Burkhardt	DM 200	1999	5	100.05	—. Noncallable. Fees 2%. (Trinkaus & Burkhardt)
European Coal- Steel Community	£50	2019	6%	99.78	Noncallable. Fees not disclosed. (Birchay de Zeeuw Wach)
IB Schleswig-Holstein	£1100	2004	6%	100.05	Refunded at 98.40%. Noncallable. Fees 2%. (Dow Jones Europe)
Credit Foncier de France	Fr 3,000	2002	5%	99.20	99.15. Noncallable. Fees 0.30%. (BNP Capital Markets)
Credit National	Fr 2,000	2005	6	97.20	99.45. Noncallable. Forbids with outstanding issue, raising total to 4.5 billion francs. Fees 0.325%. (Credit National)
France Telecom	Fr 2,500	2005	6%	99.00	Refunded at 99.02%. Noncallable. Forbids with outstanding issue, raising total to 4.5 billion francs. Fees 0.325%. (Credit National)
Société Générale Conseil d'Administration	Fr 1,000	2002	6%	99.00	Noncallable. Forbids with outstanding issue, raising total to 4.5 billion francs. Fees 0.325%. (Credit National)
Société Générale	Fr 1,000	2002	6%	99.00	Noncallable. Forbids with outstanding issue, raising total to 3 billion francs. Fees 0.1875%. (Société Générale)
Amsterdam	Fr 500	2002	6%	97.20	Refunded at 98.10%. Noncallable. Fees 1%. (ING Bank)
NIB	Fr 200	2002	6%	97.05	Refunded at 98.05%. Noncallable. Fees 1%. (ING Bank)
Robobank	Fr 200	2002	5%	101.15	Noncallable. Forbids with outstanding issue, raising total to 700 million francs. Fees 1%. (Robobank)
Abbey National Treasury Services	Fr 150,000	1999	5%	101.19	—. Noncallable. Fees 1.60%. (Eurochimique)
Bayerische Hypotheken und Wechsel Bank	Fr 200,000	2001	7.5%	99.85	Noncallable. Fees 1.60%. (Eurochimique)
Credit Local de France	Fr 200,000	1999	7.5%	99.85	Noncallable. Fees 1.60%. (Eurochimique)
Dresdner Finance	Fr 300,000	2004	7.5%	101.05	99.70. Noncallable. Fees 2%. (Banca Nazionale del Lavoro)
Eurofima	Fr 300,000	2004	7.5%	101.05	Refunded at 98.05%. Noncallable. Fees 1.60%. (Banca Commerciale Italiana)
General Electric Capital Corp.	Fr 250,000	1999	7%	101.00	99.55. Noncallable. Fees 1.60%. (Paribas Capital Markets)
Sweden	Fr 250,000	1999	7%	101.00	99.55. Noncallable. Fees 1.60%. (Deutsche Bank)
Caisse Centrale	Fr 100	1999	6%	101.14	99.40. Refunded at 99.45%. Noncallable. Fees 1.60%. (Monsant Bank)
Desjardins du Québec	—	—	—	—	—
Equity-Linked					
Kyocera	\$500	1998	1%	100	Noncallable. Each \$10,000 note with two warrants exercisable into company's shares at an expected 20% premium. Frs 2000. Terms to be set by Jan. 13. (Dow Jones Europe)
Siam Commercial Bank	\$150	2004	open	100	Coupons indicated as 3% to 35%. Noncallable. Convertible on exercise to 20 to 25% premium. Fees 2.5%. Terms to be set by Jan. 14. (Merrill Lynch Int'l)

EMI: Europe's Monetary Union Faces a 'Hard Slog'

Continued from Page 1
for monetary union a daunting one. These are among them:

• Britain, the least enthusiastic member of the new EMI, has an explicit opt-out clause of the final phase of European monetary union requiring approval by Parliament.

• The powerful Bundesbank will be wary of any premature moves that could water down its ability to maintain monetary rigor. Germany, too, has a de facto opt-out clause thanks to a recent ruling by its constitutional court that makes consent by its own parliament a legally binding condition.

• Few believe the key criteria for moving to a single currency — Europe-wide stability of exchange rates and prices, and closely aligned ratios of budget deficits to gross domestic product — are achievable by 1999.

• The EMI has no statutory authority over monetary policy.

Thus, as Lamberto Dini, director-general of the Bank of Italy, conceded in an interview: "The decision to go ahead with the EMI was an entirely political one, since the institution is part of the Maastricht treaty. It shows determination to proceed, but one cannot ignore the fact that the system has broken down."

Mr. Dini, along with several other European central bankers, says he has serious doubts that it will be possible to achieve European monetary union on schedule. "I think we may well go beyond the year

by Alexandre Lamfalussy, who gave up his job as general manager of the Bank for International Settlements to become the institute's first president. Mr. Lamfalussy is a master diplomat and one of the world's most experienced technicians when it comes to monetary policy. He is expected to work hard to coordinate monetary statistics, monitor the exchange rate mechanism and provide over monthly meetings of central bank governors.

The institute will be based in Basel at BIS headquarters with a staff of 34 until the EMI moves into a permanent site in Frankfurt about six months from now.

There is, according to Mr. Lamfalussy, "no magic formula" by which member nations can coordinate their monetary policies. But he is a firm believer that a better understanding of conflicting national priorities can be achieved with a stronger institutional framework.

"The fact that there was no honest dialogue during last year's currency crisis probably aggravated the situation," he said. "The need for a kind of simple diplomat in the world of European central banking was made abundantly clear by harsh differences that emerged last summer."

Mr. Lamfalussy could therefore become the sort of neutral mediator who establishes the EMI not so much as an activist in policy formulation, but as a forum for monetary diplomacy in Europe. And that seemingly modest goal could turn out to be truly significant.

Perhaps the best news for the fledgling EMI is that it will be

Euromarts At a Glance

Eurobond Yields

Jan. 7 1994 Yrs High Yrs Low

U.S. & long term 4.25 6.51 6.28

Eurobonds 5.50 7.25 6.25

French 4.24 5.25 4.21

Italian 5.21 5.25 4.21

British 5.16 5.25 4.24

Swiss 4.28 5.25 4.21

ECB 5.40 6.25 5.24

Eurobonds 5.10 6.25 5.24

Mortg. 5.10 6.25 5.24

Eurobonds 5.10 6.25 5.24

MUTUAL FUNDS

Close of trading Friday, Jan. 7.

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(Continued From Page 4)

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1993 U.S. STOCK MARKETS / A RECORD PERFORMANCE

For '94, Cracks Are Hard to Find On a Wall Street Paved With Gold

By Floyd Norris

New York Times Service

NEW YORK — On Wall Street, it has been the best of worlds. Inflation seems all but dead, and the public is pouring money into stocks and bonds — mostly through mutual funds whose managers can hardly believe their good fortunes.

New securities are being sold almost as fast as the printing presses can run them off, and even corporate takeover activity is up.

As the year changed, records were set almost everywhere. The Dow Jones industrial average and the Standard & Poor's 500 reached records last week, and so did stock markets in Mexico and Canada, virtually every major European country, and at least until last week, such Southeast Asian bourses as Hong Kong, Singapore and Indonesia.

With the singular exception of Japan, stock market bulls are triumphant almost everywhere, regardless of whether the local economy is strong or weak.

Can things possibly remain this good?

Probably not forever, but perhaps the least likely market catastrophe in 1994 is the one that has attracted the most speculative attention: A market slowdown as experienced mutual fund investors panic at the first signs of weakness and head for the exits once.

A bear market no doubt will arrive someday, but the chances are that mutual fund money will run off slowly, not rapidly. Since the market recovered from the 1987 collapse, mutual fund investors have tended to view price drops as buying opportunities.

The optimistic scenario for the American market this year runs as follows: Growth in the economy is picking up, and will continue to do so, but not enough to cause inflation.

Predictions of the year's most significant financial market trends from a array of specialists. Page 13. Wall Street had its first \$1 billion year. But with interest rates expected to rise, the industry may not be as lucrative in 1994. Page 15. Mutual fund executives are in broad agreement: Making money for investors will be difficult this year. Page 16. How mutual-fund investors can defend against a decline. Page 17. Low interest rates and brightening economic prospects lifted prices on the world's stock markets to record levels in 1993. Page 29.

Concerns or make the Federal Reserve think about tightening. That will lift earnings of many companies that depend on American business, and earnings of exporters will rally later in the year as growth accelerates in Europe. Rising taxes on upper-income Americans, which show up in withholding for the first time this month, will reduce the federal deficit and help keep interest rates down, without damaging the economy. Investors will ignore indications of overvaluation, like the dividend yield on the S&P 500 of 2.7 percent, almost as it was at the 1987 peak.

It could come to pass.

If there is one part of the scenario that is most widely accepted — and that contrarian investors therefore might want to question — it is that inflation will stay quiet. Final figures on last year's inflation will not be available until later this month, but they are expected to show that consumer prices rose barely 2 percent, while producer price inflation was well under 1 percent.

One can explain such moves in other ways. The Midwest floods affected agricultural harvests, and Byron Wien of Morgan Stanley & Co., who forecast a rise in gold prices, said that reflects demand from newly rich people, especially in China, not a fear of inflation in the developed countries. But the signs are there, nonetheless.

It is common to forecast a small increase from those figures, but not much. After all, as Richard Hoey, the chief economist at Dreyfus Corp., pointed out, labor costs are not moving up.

There are excesses in the American market.

can stock market, particularly in the new issue area, but they pale next to some foreign markets. Hong Kong, which more than doubled last year, has a chart that looks like "one side of the Eiffel Tower," said Greg Smith, the chief strategist at Prudential Securities Inc. He is bearish on Hong Kong, and indeed, the market took a tumble in the first week of the new year.

Fidelity Emerging Markets, a mutual fund that invests in developing countries, began the year with almost \$15 million in assets. As the year ended, the figure was \$1.8 billion. Those few investors with money in throughout the year had a gain of 75.5 percent.

As it happened, the foreign success stories may have hurt the performance of American stocks, especially small ones, late in 1993.

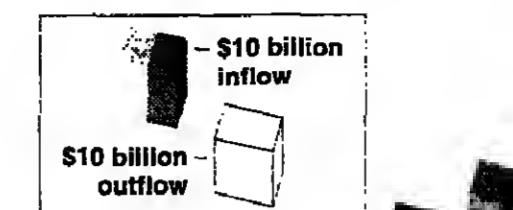
With a heavy calendar of initial public offerings, that area of the market needed a good inflow of money just to stay even. It did not manage to do much better than that in the fourth quarter.

The average aggressive growth mutual fund suffered a small loss in the quarter. The year's most heralded initial public offering, a fast-food chain called Boston Chicken, was offered in November at \$20 and traded at \$51 the first day. But that was it. It ended the year at \$36, a nice profit if you got in on the offering, but probably a loss if you bought early in the public market.

Overall, the story of mutual funds in 1993 was of dollars cascading through the doors, demanding to be invested. For the first 11 months, a net \$221 billion was invested in stock and bond funds, and their total assets, after adding in performance, were up 33 percent, to \$1.4 trillion. In general, stock funds grew faster than bond funds, and foreign stock funds did best of all.

Boom Times

Net monthly cash flow into or out of each category of mutual fund. Figures include sales, redemptions and net transfers, but exclude reinvested dividends.



Type of fund:

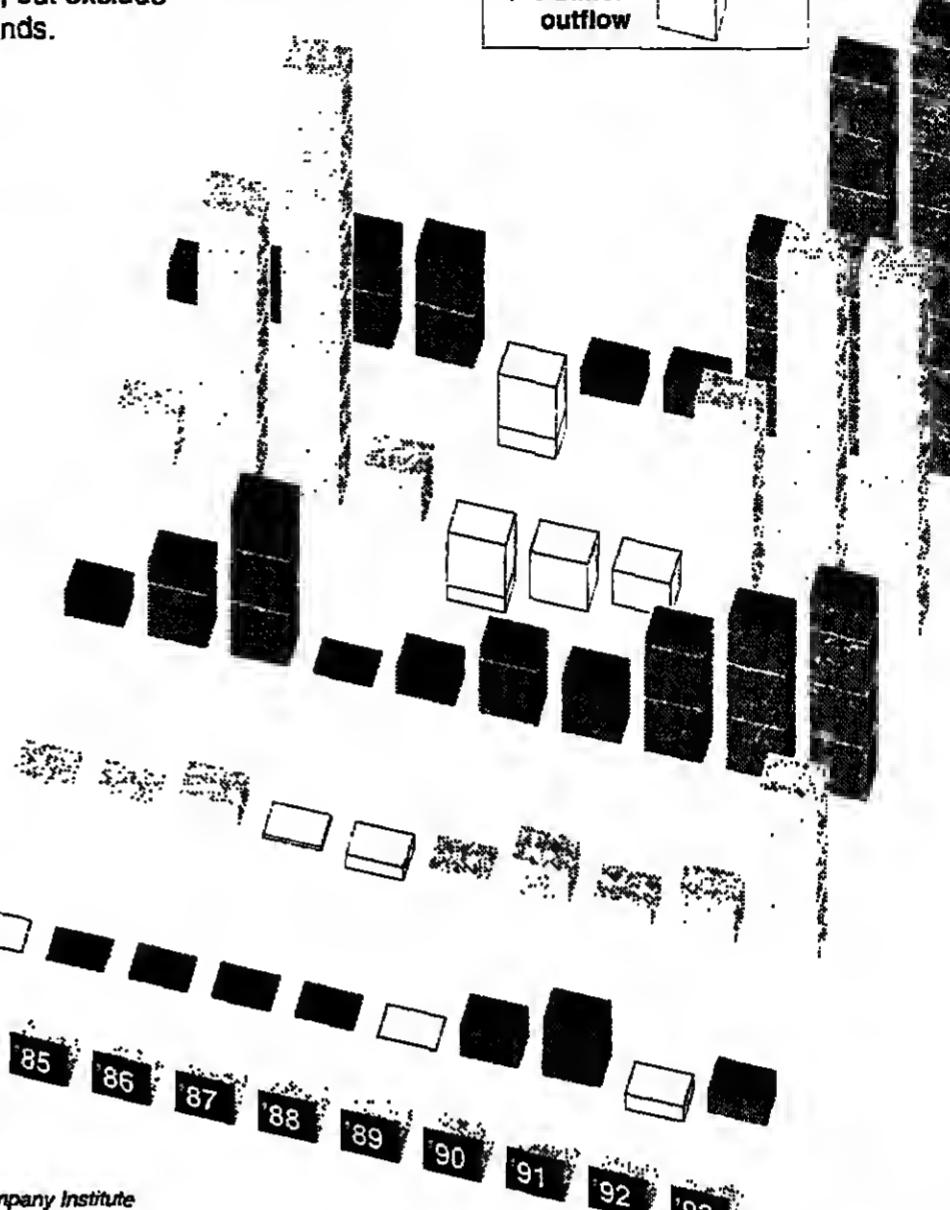
AMERICAN EQUITIES

AMERICAN TAXABLE BONDS

AMERICAN MUNICIPAL BONDS

FOREIGN EQUITIES

FOREIGN BONDS



1993 figures are for first 11 months.

Source: Investment Company Institute

The New York Times

U.S. Investors Look South of the Border, Down Under and Over There

By Leslie Wayne

New York Times Service

NEW YORK — International funds, which set the pace among mutual funds last year, are expected to continue their strong performance in 1994. Fueling the trend is a growing awareness among Americans that some diversification overseas is desirable and that many foreign markets offer the potential for returns far higher than what the domestic market promises.

The big decisions for investors are how much money to allocate overseas and where to put it. Many financial specialists now recommend placing at least 25 percent in foreign investments, and investors appear to be listening.

Statistics from the Investment Company Institute, the mutual fund trade association, show the growth in international equity funds, which in-

vest only outside of the United States, has outpaced that of all other types of stock funds.

"It's been stupendous," said John Collins, a spokesman for the institute. "International funds grew twice as fast as all funds" in 1993.

About \$7.1 billion is now invested in international mutual funds, or 8.7 percent of the dollars in stock funds. Assets of international stock funds grew by 149 percent in 1993, compared with 99 percent for all equity funds.

One can explain such moves in other ways. The Midwest floods affected agricultural harvests, and Byron Wien of Morgan Stanley & Co., who forecast a rise in gold prices, said that reflects demand from newly rich people, especially in China, not a fear of inflation in the developed countries. But the signs are there, nonetheless.

It is common to forecast a small increase from those figures, but not much. After all, as Richard Hoey, the chief economist at Dreyfus Corp., pointed out, labor costs are not moving up.

The reason for all this investor interest is simple: International funds offered vastly superior returns in 1993. Lipper Analytical Services

calculated international funds rose in value an average of 38 percent last year. This compares with an 11 percent return for all general equity funds.

The most promising areas this year are Mexico and the Pacific Rim countries. Many analysts remain cautious about Japan, hesitant about China and lukewarm about Western Europe.

The emerging markets of Eastern Europe are attractive only on a case-by-case basis, said as those countries develop rules on corporate law and private property to protect investors.

Mexico is the shining light. Along with a large number of relatively inexpensive companies, the country has strong growth potential, the prospect of an investment-grade rating and

the expectation of a reduced inflation rate.

In addition, the passage of the North American Free Trade Agreement is expected to bring about a strong and steady improvement in the country's economic development.

Investors looking for significant Mexican exposure will find it in the Fidelity Emerging Markets fund, which is 30 percent invested in Latin America.

Gerold Rohlstein, a Latin American investment expert at Oppenheimer & Co., cautioned that Brazil, despite a strong stock performance in early 1993, has been slow in writing a new constitution and in moving to a stronger, centralized government.

Western Europe, with the exception of Britain, is widely seen as bouncing back from a difficult recession and benefiting from falling

interest rates. Still, caution seems to be the watchword.

"Western Europe looks fully priced against current corporate earnings," said M. David Testa, chairman of T. Rowe Price International Funds. "But those earnings have been very depressed."

Lincoln Anderson, director of global research at Fidelity Investments, suggests that investors interested in Europe consider European bonds. He said bond yields in Europe of 6 percent to 7 percent are outpacing inflation by at least a percentage point.

Still attracting a lot of investor interest are the Pacific Rim markets of Singapore, Malaysia, Taiwan, Hong Kong, Korea and Indonesia. In that region, the main area of concern is Japan, where no one recommends increasing

any holdings. China remains questionable pending further political developments.

Gunter Ecklebe, director of International Asset Consulting at Frank Russell Co. in Tacoma, Washington, said that among the Pacific Rim countries, "there's hardly a market that we should not mention for its investment potential."

"Southeast Asia is just a great market," said Ecklebe. "It has low wages, a good educational background and great economic potential. It produces goods cheaply and of high quality, and that makes it a formidable competitor. And these markets are fairly priced."

While a diversified international portfolio cannot ignore Japan, most advisers recommend holding — not buying and not selling — until the struggling Japanese market begins to find some direction.

Trib Index Shows How U.S. Market Trails the Pack

By Martin Baker

International Herald Tribune

PARIS — Followers of the International Herald Tribune World Stock Index saw a healthy rise of 21.68 percent last year across the 25 countries tracked by the index. But the average, while very much in line with the boom in world equity markets last year, conceals some surprises — notably how the U.S. component of the Trib Index.

The best performance in the continental index was the Tri Pacific index, which rose 39.74 percent last year. Again, the performance of the largest companies lagged in bull markets, although the bigger stocks fared better in weaker markets such as Japan.

There were eight changes in the Trib Pacific index, among the most notable were the inclusion of Henderson Land Development Co. and Wharf (Holdings) Ltd. among Hong Kong's top stocks.

The U.S. market generally had a good year, the 20 most heavily capitalized shares that make up the Trib U.S. index took a pounding for the second straight year, falling 12.4 percent. The major American gains were recorded outside the big three shares, particularly among medium and small companies.

After a painful period of cost-cutting, General Motors, which last year lost its place among the top 20 U.S. shares, has bounced back. At the beginning of each year, the stocks in the Trib Index are re-assessed, and the biggest 20 based on market capitalization in New York, London and Tokyo, plus the biggest 10 in the other markets, are included in the index. The index is calculated in U.S. dollar terms.

Poor market performance in 1992 cost General Motors its place in the U.S. index, but a buoyant 1993 sees it included once again. A good year for U.S. automobile manufacturers is further reflected in the performance of Ford Motor Co., which joins the Trib U.S. index for the first time. Chevron Corp. was a third new entrant.

The U.S. component loses Amoco Corp., ASEA Brown Boveri and Microsoft Corp., one of the stocks that ousted General Motors in 1993.

Last year, the biggest Canadian stocks, which together

with the U.S. index constitute the Trib North America index, performed well. With Canadian gains partly offsetting the U.S. weakness, the Trib North America index lost 0.75 percent on the year. After two changes in the Trib Canada index, the North American component has five new stocks overall.

The best performance in the continental index was the Tri Pacific index, which rose 39.74 percent last year. Again, the performance of the largest companies lagged in bull markets, although the bigger stocks fared better in weaker markets such as Japan.

There were eight changes in the Trib Pacific index, among the most notable were the inclusion of Henderson Land Development Co. and Wharf (Holdings) Ltd. among Hong Kong's top stocks.

The U.S. market generally had a good year, the 20 most heavily capitalized shares that make up the Trib U.S. index took a pounding for the second straight year, falling 12.4 percent. The major American gains were recorded outside the big three shares, particularly among medium and small companies.

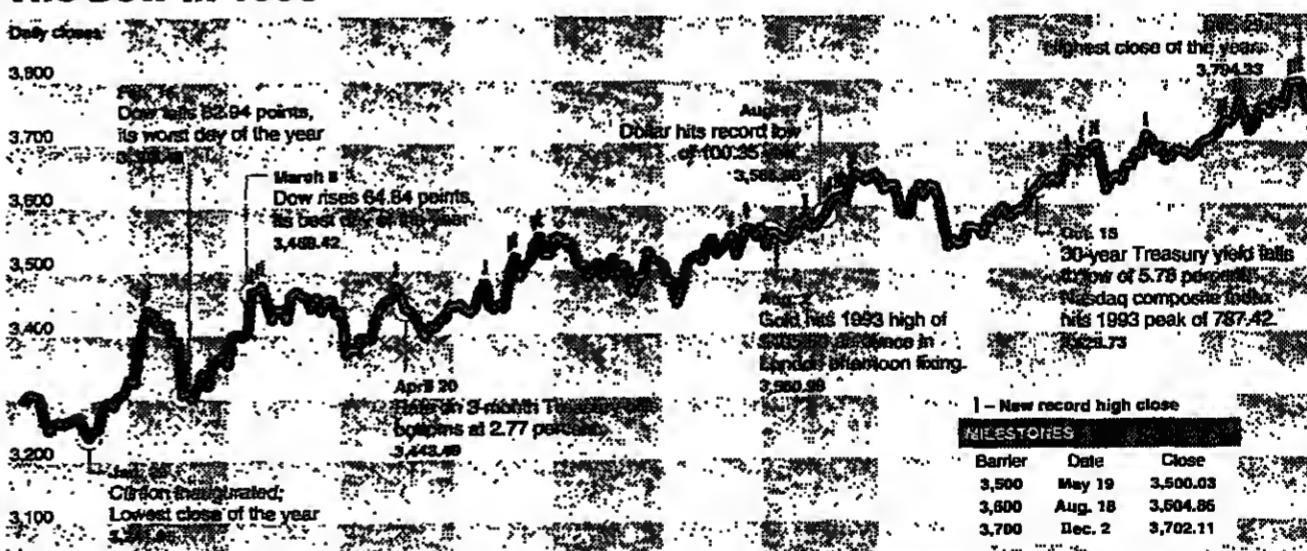
After a painful period of cost-cutting, General Motors, which last year lost its place among the top 20 U.S. shares, has bounced back. At the beginning of each year, the stocks in the Trib Index are re-assessed, and the biggest 20 based on market capitalization in New York, London and Tokyo, plus the biggest 10 in the other markets, are included in the index. The index is calculated in U.S. dollar terms.

Poor market performance in 1992 cost General Motors its place in the U.S. index, but a buoyant 1993 sees it included once again. A good year for U.S. automobile manufacturers is further reflected in the performance of Ford Motor Co., which joins the Trib U.S. index for the first time. Chevron Corp. was a third new entrant.

The U.S. component loses Amoco Corp., ASEA Brown Boveri and Microsoft Corp., one of the stocks that ousted General Motors in 1993.

Last year, the biggest Canadian stocks, which together

The Dow in 1993



Awards That Let Every Dog Have Its Day

New York Times Service

Watch What I Do... Award

To Michael Dell, chairman of Dell Computer Corp. On March 9, he proclaimed Dell was clearly in the "winner's circle" and said "the power of our direct marketing approach continues to be underestimated." Within the next three weeks, he took in \$1.13 million selling Dell stock, at an average price of \$38 a share. By summer, as profits turned to losses, the shares were fetching less than \$15.

Best Self-Deal Award

To John C. Malone, the president of Tele-Communications Inc. In 1991, he spun off Liberty Media Corp. from the parent company on terms that discouraged public holders from taking Liberty while allowing him to buy shares without putting up much cash. Now TCI is repurchasing Liberty — on vastly more favorable terms — as a prelude to its own acquisition by Bell Atlantic Corp. But for the earlier takeover, Malone will be well off.

Employment Security Award

To the top executives of General Motors Corp., who gave themselves employment contracts in the wake of the departure to Volkswagen AG of José Ignacio López de Arriaga, the first (and so far only) GM executive to prove to have marketable skills. GM also set out to prove it was not Mr. López's expertise, but his access to GM secrets, that Volkswagen really wanted.

Brilliant Management Award

To Maytag Corp., the appliance giant, whose top executives cleverly calculated they could bolster sales by offering two free trans-Atlantic plane tickets to anyone who bought at least \$75 worth of appliances. They were stunned when 200,000 people in Britain and Ireland tried to take them up on it.

Stock Promoter of the Year Award

To Lawrence Taylor, the linebacker for the New York Giants football team and part-time president of All-Pro Products Inc., a company with virtually no operations whose stock almost

tripled in its first seven days of trading. After the move, Mr. Taylor forecast it would double again, leaving him with stock worth \$20 million, for which he had paid \$5,750. So far, the market value is holding at about \$10 million.

IPO Reversal Award: Winning Division

To Motor Coach Industries Inc., the bus manufacturer sold to the public by Dial Corp., at \$13 a share in August. The price cracked within minutes of the beginning of trading, and went as low as \$11 over the next few weeks. But in November, the company agreed to be acquired by a Mexican bus maker — for stock worth \$16.72 a share.

IPO Reversal Award: Losing Division

To Mathsoft Inc., a software company that went public in February at \$13, with insiders selling 12.5 million shares. The shares traded for \$23 the first day. But they fell when the company posted disappointing profits in April, and again in July when it said it was losing money. By September the share price was below \$5 — and is only a bit higher now.

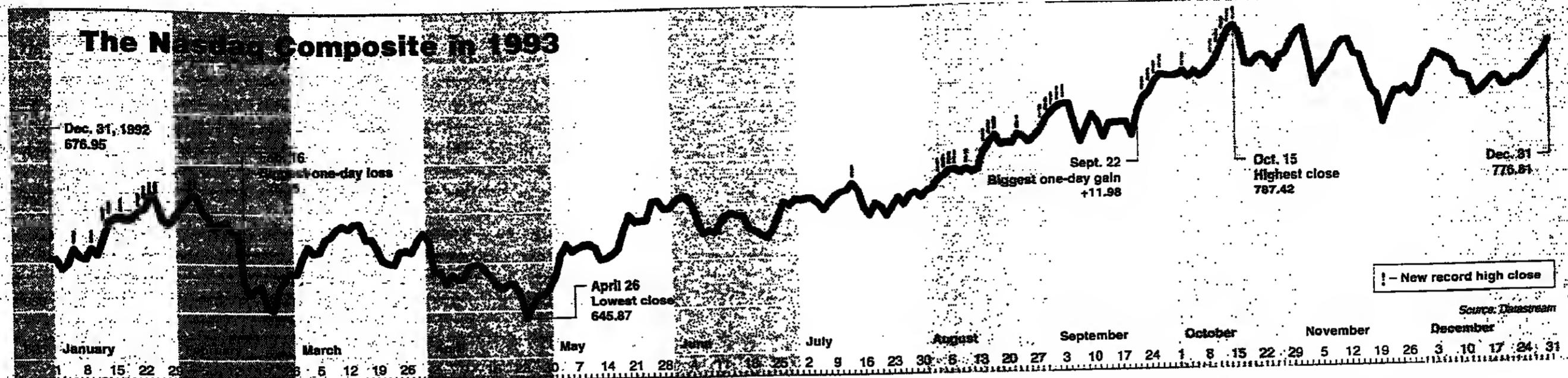
Career Timing Award

To Lou Gerstner, for abandoning tobacco by resigning as chief executive of R.J. Rebsom Inc. a few days before Philip Morris Co. devastated industry profits by slashing cigarette prices. Mr. Gerstner took over International Business Machines Corp., where the bad news was already known to everyone.

Public Service Award

To Carlos Alves dos Santos, former budget director of Brazil, who had \$1.7 million stuffed in his mattress plus \$300,000 and 212 pounds of gold (worth about \$1 million) in safe-deposit boxes.

1993 U.S. STOCK MARKETS / WHAT LIES AHEAD



The Answer Is Rates, The Question Is When

By Kenneth N. Gilpin

New York Times Service

NEW YORK — What will be the most significant trend in financial markets in the new year? Several pundits of the business world were called upon to answer the question:

Barton Biggs
Chairman, Morgan Stanley Asset Management

There is a 60 percent to 70 percent chance we could see a significant rise in short-term interest rates in the United States. If I am right, and short rates go up by more than half a percent to three-quarters of a percent, the world's liquidity pump will be turned off. That will not only affect American securities prices, but those elsewhere.

Nicholas Brady
Chairman of Dabney Advisors, an investment firm, and former secretary of the Treasury

The trend to global investing is not only the most significant trend for the next year but for the next five years. I think it is at least the equivalent of the industrial revolution.

The financial markets that understand the enormous change that computers and technology have made and organized their societies to accommodate that change are going to be the winners.

E. Gerald Corrigan
Chairman, international advisers, Goldman Sachs & Co. and former president, Federal Reserve Bank of New York

The trend toward corporate restructuring is going to continue. That process is quite far advanced in the United States, but in many other countries, including industrial countries, you will see a good deal of that. This will bring with it a great deal of emphasis on financial as well as other forms of restructuring.

It is possible we could see a rise in the demand for private capital this year, particularly in the industrial countries. That increase will not have worldwide consequences in 1994. But especially in the industrial countries, it graphically underscores efforts to get budget deficits down. Perhaps most important, development of capital markets and capital-market instruments in many emerging markets will continue at a rapid pace.

Elaine Garzelli
Stock market strategist, Lehman Brothers

I tend to think the economy will slow down and that the Fed will raise interest rates much later than most people think. Stock groups that

will do best in the new year are in capital spending, steel, machinery, technology and semiconductors. Appliances and auto stocks have another six months to 12 months worth of good performance. And regional banks are extremely inexpensive.

Stay away from nondurable stocks like drugs and tobacco, because earnings growth in those areas will be less than the Standard & Poor's average.

James Grant
Editor, Grant's Interest Rate Observer

My favorite idea for the new year is a bull market in commodities: in silver, soybeans, nickel and cotton, among other highly tangible, deeply out-of-favor things. They will go up not because new great inflation is imminent, but because demand will overwhelm supply.

Marshall Loeb

Editor, Fortune Magazine

I still think the stock market is the best market around, even though I think we will get a correction at some point in the year. Still, there will be a significant enough rebound that stocks will end 1994 higher than they did in 1993.

Lee Melman
Chairman emeritus, Chicago Mercantile Exchange

The spread of financial derivatives will continue to the point where they have taken center stage in the world of finance. That is good news and bad news. It's good news because derivatives add liquidity to markets. But there are risks involved.

Richard Parsons
Chairman, Dime Savings Bank of New York

I am not looking for a zippy rebound in the economy because ultimately you are going to need job creation and everybody is still laying off people. I suspect interest rates may trend up a bit in the first quarter, but if the recovery doesn't gather more steam, they will stamp back down.

Mueller Siebert
Chairman of Mueller Siebert & Co.

We will have an education process begin on derivative securities and how they affect individual investors. Derivative markets are very creative. What they are able to do for individual companies is wonderful. But when you start to create products for Mr. and Mrs. Smith, I worry if you get enough of this, there will be a necessity to explain these products closely to anyone who is investing.

NASDAQ Winners and Losers

Common stocks whose prices rose or fell the most in percentage terms, as calculated by *Media General*. Stocks that began the year under \$5 are excluded. Only one class of stock is included for each company.

	1993 High	1993 Low	Dec. 31 close	% change from '92
Glenayre Technologies	\$55.38	\$3.71	\$43.50	457.1%
Digital Microwave	30.00	5.25	28.75	-44.0%
Western Deep	48.50	9.00	48.50	385.0%
Microplus	38.88	6.00	38.25	378.1%
Cellular Tech. Services	31.75	5.13	24.75	371.4%
United Cos. Financials	40.75	8.25	39.50	338.9%
Orange Free State	44.00	9.50	44.00	323.9%
International Cellular	30.75	4.75	23.50	298.7%
Dial Page	77.50	8.00	39.75	295.7%
Players International	27.63	6.13	24.75	266.0%

BIGGEST LOSERS

	1993 High	1993 Low	Dec. 31 close	% change from '92
Fonte	\$13.38	\$0.28	\$0.41	-96.9%
SK Technologies	10.00	0.38	0.53	-94.5%
Judicore	19.69	1.25	1.25	-93.0%
Antenners Off. Petroleum	20.31	1.75	2.00	-99.5%
Sanborn	7.13	0.50	0.61	-87.5%
All for a Dollar Inc.	8.25	0.50	0.80	-87.4%
Optimistic Imaging	13.75	1.50	1.75	-86.1%
Diamond Entertainment	11.13	1.00	1.13	-88.1%
Siemens Group	8.13	0.88	0.88	-85.9%

The New York Times

	12 Month High	12 Month Low	Stock	Yld.	PE	Vol.	High	Low	Close	Chg/Chg%	Pct.	12 Month High	12 Month Low	Stock	Yld.	PE	Vol.	High	Low	Close	Chg/Chg%	Pct.			
5% 31-Astrom	2.0	1.4	29.93	5%	21	3	21	18	20.5	-1.50	-7.1%	1/2	1/2	BorLo USA	407	407	72	1/2	1/2	1/2	1/2	1/2	1/2	1/2	-50.0%
3/4 27-BALAT	3.2	2.1	11.14	2.26	29	32	31	28	24.43	-1.43	-4.4%	1/2	1/2	BorTec Int.	407	407	72	1/2	1/2	1/2	1/2	1/2	1/2	1/2	-5.0%
15/4 89-BALAT Int.	8	7.47	10.4	4	12	1	12	10	10.4	-0.4	-3.8%	1/2	1/2	BorTec Int.	407	407	72	1/2	1/2	1/2	1/2	1/2	1/2	1/2	-6.2%
15/4 89-BALAT Int.	15.43	13.69	15.43	1.25	12	1	15.43	13.69	13.69	-0.74	-4.8%	1/2	1/2	BorTec Int.	407	407	72	1/2	1/2	1/2	1/2	1/2	1/2	1/2	-33.0%
7/4 37-BALAT	7	5.74	5.74	1.25	12	1	5.74	5.74	5.74	-0.25	-4.3%	1/2	1/2	BorTec Int.	407	407	72	1/2	1/2	1/2	1/2	1/2	1/2	1/2	-5.0%
4/2 24-BALAT	12	10.45	12.19	1.25	12	1	12.19	10.45	10.45	-1.74	-14.2%	1/2	1/2	BorTec Int.	407	407	72	1/2	1/2	1/2	1/2	1/2	1/2	1/2	-23.3%
3/4 27-BALAT Int.	12	10.45	12.19	1.25	12	1	12.19	10.45	10.45	-1.74	-14.2%	1/2	1/2	BorTec Int.	407	407	72	1/2	1/2	1/2	1/2	1/2	1/2	1/2	-23.3%
3/4 27-BALAT Int.	12	10.45	12.19	1.25	12	1	12.19	10.45	10.45	-1.74	-14.2%	1/2	1/2	BorTec Int.	407	407	72	1/2	1/2	1/2	1/2	1/2	1/2	1/2	-23.3%
3/4 27-BALAT Int.	12	10.45	12.19	1.25	12	1	12.19	10.45	10.45	-1.74	-14.2%	1/2	1/2	BorTec Int.	407	407	72	1/2	1/2	1/2	1/2	1/2	1/2	1/2	-23.3%
3/4 27-BALAT Int.	12	10.45	12.19	1.25	12	1	12.19	10.45	10.45	-1.74	-14.2%	1/2	1/2	BorTec Int.	407	407	72	1/2	1/2	1/2	1/2	1/2	1/2	1/2	-23.3%
3/4 27-BALAT Int.	12	10.45	12.19	1.25	12	1	12.19	10.45	10.45	-1.74	-14.2%	1/2	1/2	BorTec Int.	407	407	72	1/2	1/2	1/2	1/2	1/2	1/2	1/2	-23.3%
3/4 27-BALAT Int.	12	10.45	12.19	1.25	12	1	12.19	10.45	10.45	-1.74	-14.2%	1/2	1/2	BorTec Int.	407	407	72	1/2	1/2	1/2	1/2	1/2	1/2	1/2	-23.3%
3/4 27-BALAT Int.	12	10.45	12.19	1.25	12	1	12.19	10.45	10.45	-1.74	-14.2%	1/2	1/2	BorTec Int.	407	407	72	1/2	1/2	1/2	1/2	1/2	1/2	1/2	-23.3%
3/4 27-BALAT Int.	12	10.45	12.19	1.25	12	1	12.19	10.45	10.45	-1.74	-14.2%	1/2	1/2	BorTec Int.	407	407	72	1/2	1/2	1/2	1/2	1/2	1/2	1/2	-23.3%
3/4 27-BALAT Int.	12	10.45	12.19	1.25	12	1	12.19	10.45	10.45	-1.74	-14.2%	1/2	1/2	BorTec Int.	407	407	72	1/2	1/2	1/2	1/2	1/			

1993 U.S. STOCK MARKETS / OPTING FOR VALUE

MUTUAL FUND

1993 Prices

Via The Associated Press
(Continued)

(Continued)

52W 52W 52W

1993 U.S. STOCK MARKETS /

NYSE

1993 Prices

• Via The Associated Press

(Continued)

(Continued)

12 Month		Stock	St.			Pct.				
High	Low		Yld.	PE	Vol.	High	Low	Chg.	Chg. %	
4916 35%	4816	Hilbord	1.1	24	105027	4816	3616	4116	+2%	
2116 12%	1916	Hilti	-	9	426256	1116	1016	-116	-1%	
3716 17%	3316	Hilti	-	-	12243	2116	1716	-	-	
3016 17%	2816	Hilti	-	-	2401	2016	1716	-25	-1%	
21 41%	1716	Hilton	1.8	25	207025	61	4116	4016	+1%	
3316 33%	3116	Hilton	-	-	2401	3416	3116	+22	+6%	
2246 15%	2146	Hiltex	1.1	48	96277	3516	1916	-316	-1%	
716 25%	516	Hiltex	-	-	3604	716	3716	-316	-10%	
5116 21%	4716	Himco	3	49	123044	5016	3516	-3116	-21%	
1216 17%	1116	Himco	-	-	36427	1716	1216	-216	-1%	
1216 14%	1116	Himco	1.4	-	145508	1516	416	1516	+6%	
2516 14%	2316	Himco	2.1	-	51037	2116	916	1116	+1%	
2116 10%	1916	Himco	-	-	427325055	2216	2116	-2216	-10%	
2116 10%	1916	Honda	1.8	44	22000	3116	1916	2116	+1%	
2016 31%	1916	Honda	-	-	23	192200	3116	-3116	-100%	
6716 16%	6116	Hok	1.1	29	24100	6716	5716	-216	+2%	
73 7%	6116	Hok	1.5	-	10800	15	5716	716	-216	
2016 22%	1816	Hormel	1.5	10	18000	2216	2216	-216	-1%	
2116 14%	1916	Hormel	-	-	25	2216	2216	-216	-1%	
2216 14%	2016	Hormel	1.5	23	27000	2216	2216	-216	+4%	
2216 22%	2016	Hormel	-	-	17	33338	2216	-216	-1%	
1516 8%	1416	Hornet	1.3	-	26	33338	2016	-216	-1%	
516 14%	516	Hornet	-	-	26	33344	1516	816	+16	+2%
516 14%	516	Hornet	-	-	26	33344	1516	816	+16	+2%
516 14%	516	Hornet	-	-	26	33344	1516	816	+16	+2%
15 5%	1116	Hosking	-	-	41	26015	516	1116	-1116	-25%
15 5%	1116	Hosking	-	-	70000	15	516	516	-1116	
145 12%	1216	Hosking	2.5	-	470300	145	4616	13	+1034	+28%
145 12%	1216	Hosking	2.5	-	79187	516	1	516	+15%	

Sales figures are unofficial. Yearly highs and lows reflect the previous 22 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high/low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual distributions based on the latest declaration. a — dividend also extra. b — annual rate of dividend plus stock dividend. c — last dividend declared. cd — called. d — new yearly low. e — dividend declared or paid in preceding 12 months. f — dividend declared in pension funds, subject to 15% non-reserve tax. g — dividend declared or paid in cash or stock dividend. h — dividend paid this year, estimated dividend, or no action taken of latest dividend declaration. i — dividend declared or paid this year, an accumulative issue with dividends in arrears. j — new issue in the past 22 weeks. The high/low range begins with the start of trading. k — next day delivery. P/E — price-earnings ratio. r — dividend declared or paid in preceding 12 months. s — stock dividend. t — stock split. Dividend begins with date of split. ss — series. 1 — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u — new yearly high. v — holding audited. vi — in bankruptcy or receivership or being recognized under the Bankruptcy Act, or securities consumed by such companies. wd — when distributed. wf — when issued. ww — with warrants. x — ex-dividend or ex-distribution date. y — ex-rights date. z — ex-subsidiary date.

1993 U.S. STOCK MARKETS / EQUITIES BOOM AROUND THE WORLD

Low Interest Rates Push Investors Into Equities for Higher Returns

Bloomberg Business News

NEW YORK — The lowest interest rates in years and brightening economic prospects lifted prices on the world's stock markets to record levels in 1993.

The International Herald Tribune World Stock Index rose about 21 percent in 1993. The index includes 231 actively-traded stocks from 20 countries. The index shows that stocks in Hong Kong, Finland and Singapore recorded the biggest advances, while shares in the U.S., Canada and Japan posted the weakest gains.

"It was a vintage year," said Barton Biggs, chairman of Morgan Stanley Asset Management, which has a \$45 billion investment portfolio. "Massive amounts of public and institutional money poured into market funds," Mr. Biggs said. There has been no sign of a letup.

U.S. investors shoveted about \$104.6 billion in new money into stock mutual funds last year, according to the Washington-based Investment Company Institute, the mutual fund trade group. That compares with \$60.1 billion in 1992.

Leading worldwide advances, the Hang Seng Index stormed to records as investors turned to Hong Kong stocks to cash in on China's rapid economic development. But this volatile market has had a sharp correction so far this year, with the Hang Seng losing about 7.5 percent of its value.

Turkey's stock market more than quadrupled in dollar terms. The rally was fueled by optimism tied to the election of Prime Minister Tansu Ciller, who is perceived as being pro-business. The market also benefited from hopes of a rise in exports to the former Soviet Union.

The Americas

A drop in interest rates to the lowest level in 20 years helped push U.S. stocks to all-time highs. Investors switched out of low-paying

money market funds and bank certificates of deposit into stocks, where they hoped returns would be higher. Low interest rates also cut the cost of doing business, helping increase corporate profits and, presumably, stock prices.

The Dow Jones industrial average of 30 blue-chip stocks rose about 15 percent for the year.

The broader Standard & Poor's 500-share index gained 8 percent and the Nasdaq composite index of over-the-counter stocks, consisting mostly of small to mid-sized companies, jumped 13 percent.

Canadian stocks had one of their best years in a decade. The Toronto Stock Exchange 300 Index rose more than 20 percent (about 30 percent in U.S. dollar terms).

Canada's shares should head even higher in

1994, said Ben Joyce, chief strategist at Burns Fry Ltd. "We've got a blissful combination of low interest rates, low inflation and an improving economy," he said.

Mexico's Bolsa index rallied 47 percent (46 percent in dollar terms). The rise was fueled by passage of the North American Free Trade Agreement and a fall in the inflation rate to the lowest level in 20 years.

Europe

The Financial Times Stock Exchange 100-share index in London gained 20 percent (22 percent in dollar terms), as British interest rates tumbled to the lowest level since the early 1960s.

Analysts said stocks would not rise in 1994, however, unless earnings grew at above-average rates. "There's a risk equities are going to see a fairly significant setback," said Peter Clements, head of investments at Co-Operative Investment Management Ltd.

In France, the CAC 40 index rose about 17 percent (23 percent in dollar terms) on expectations that the worst of the country's recession is

over. French stocks would have risen more if the Bank of France had been more aggressive in reducing interest rates, said Adam Kindred, a market analyst at Kleinwort Benson France SA.

The advance in French stocks was minimal, compared with the 36 percent (43 percent in dollar terms) rise in Germany's DAX Index. The German rally was fueled by the Bundesbank, which lowered the discount lending rate, the floor of the Germany money market, six times in 1993.

German stocks face concern this year about pending elections and political instability in Russia, said Walter Stauber, research director at DG Bank Deutsche Genossenschaftsbank.

In Italy, the Milan Index climbed approximately 18 percent (35 percent in dollar terms), as the April election of Prime Minister Carlo Azeglio Ciampi restored investors' confidence in the government. Spain's Ibex 35 Index soared 22 percent (49 percent in dollar terms), prodded by a doubling of foreign investment in Spanish stocks, said Antonio Zoida, president of the Madrid Stock Exchange.

Belgium's Be220 index rose 21 percent (30 percent in dollar terms) amid signs the country's economy was improving. The Swiss Market Index of 18 blue chip stocks advanced 41 percent (38 percent in dollar terms). Unlike the rest of Europe, companies in Switzerland reported strong earnings growth, said Wolfgang Kirchmayr, a market analyst at Swiss Bank Corp.

Among other European markets, the Netherlands EOEX index rose about 37 percent (44 percent in dollar terms); Austria's stock market climbed 30 percent (37 percent in dollar terms); Ireland's stock market rose 31 percent (51 percent in dollar terms); and Greece's stock index increased 18 percent (35 percent in dollar terms).

World Economics

U.S. Japan Germany Britain Canada Mexico

	Latest	Prev.										
Industrial production (monthly % change)	U.S.	-0.7	1.8	-0.6	0.0	0.7	0.6	0.6	0.9	-0.6	-1.6	-1.6
Real G.D.P. (4th qtr. annualized)	U.S.	2.9	2.5	2.6	2.7	2.8	2.8	2.4	3.3	-1.1	0.3	0.3
Current Account (billions local currency)	U.S.	-27.0	-32.2	-32.2	-31.3	-32.2	-32.2	-2.7	-6.3	-6.5	-2.2	-4.7
Unemployment rate (% of work force)	U.S.	6.3	6.3	6.3	6.3	6.3	6.3	10.1	11.1	11.1	3.3	3.6
Consumer inflation (monthly % change)	U.S.	0.2	0.4	0.2	0.2	0.1	0.2	-0.1	0.5	0.2	0.4	0.4
10-year Government bond (weekly %)	U.S.	5.80	5.80	5.80	5.80	5.80	5.80	5.10	4.14	4.02	5.55	11.8
Exchange rate (weekly per \$)	U.S.	111.8	110.8	110.8	109.7	109.7	109.7	1.677	0.865	1.324	3.244	3.221

Source: Central Bank of the United States, International Monetary Fund, World Bank, Bloomberg.

The New York Times

Data are for the latest month reported, compared with the previous month. GDP figures for Mexico show growth over 12 months.

Current account balances are reported monthly except for the U.S., Britain and Canada, which are reported quarterly; figures for Japan and Mexico are reported in billions of U.S. dollars. The German unemployment rate is for eastern areas and may underestimate the rate nationwide. Bond rates for Japan, Germany and Britain are adjusted to be consistent with U.S. and Canadian Mexican rates are for a 28-day tail in 1993. Mexico switched to the new peso, which is the old peso divided by 4,000. Bond and rates at noon Dec. 31, local time.

Source: Central Bank of the United States, International Monetary Fund, World Bank, Bloomberg.

There were no such problems in Hong Kong, where the Hang Seng indicator doubled in local and dollar terms.

John Mukulay, managing director of UBS Securities, said, "1993 was the year people started buying stocks because of China rather than in spite of China."

Even now, said the central bank chief, Yasushi Mieno, chances of a recovery in the second half of this financial year are slim. "The market, at this point, is now probably at the bottom," said John Casey, equity strategist at UBS Securities.

Australia's All Ordinaries Index rose 34 percent (37 percent in dollar terms), recording its best year since 1987. The index will hit this year, led by gains in corporate profits and investments by U.S. funds, said Tony Harris, director of Bankers Trust Securities in Sydney.

Thailand's SET Index rallied about 87 percent in local-currency and dollar terms. Much of the gain came in the second half of the year, after a market-manipulation scandal involving dozens of companies was resolved. Singapore's Straits Times Index climbed 63 percent (59 percent in dollar terms), as institutional money poured in, especially from the United States.

Malaysia's Kuala Lumpur Stock Exchange index soared 90 percent (91 percent in dollar terms). The country's economy thrived, growing at a rate of 8 percent while inflation stayed below 4 percent.

NASDAQ

National Market

Via The Associated Press

(Continued)

12 Month Stock Yld. PE Vol. High Low Close Chg/Chg/Chg

13 Month Stock Yld. PE Vol. High Low Close Chg/Chg/Chg

14 Month Stock Yld. PE Vol. High Low Close Chg/Chg/Chg

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16 Month Stock Yld. PE Vol. High Low Close Chg/Chg/Chg

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19 Month Stock Yld. PE Vol. High Low Close Chg/Chg/Chg

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45 Month Stock Yld. PE Vol. High Low Close Chg/Chg/Chg

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70 Month Stock Yld. PE Vol. High Low Close Chg/Chg/Chg

71 Month Stock Yld. PE Vol. High Low Close Chg/Chg/Chg

72 Month Stock Yld. PE Vol. High Low Close Chg/Chg/Chg

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MONDAY SPORTS

Schneider Wins Slalom, Wiberg Leading Overall

Compiled by Our Staff From Dispatches

ALTENMARKT, Austria — Switzerland's Wera Schneider won her 47th World Cup ski race Sunday after clocking the best times in both runs of the season's fifth slalom.

The 29-year-old double Olympic and triple-world champion glided through the gates in her usual smooth style in an aggregate time of 1 minute, 36.41 seconds. It was her 26th success in the slalom.

Sweden's Permilla Wiberg was second in 1:36.98, while France's Béatrice Filhol made her first appearance on the podium with 1:38.03 for third.

Wiberg, who won Tuesday's slalom at Morzine in France, took over the lead in the overall standings with 734 points. Schneider is second on 706 and Austria's Anita Wachter, who finished 23rd Sunday, dropped to third with 694.

Wiberg, who was leading last January until an Achilles tendon injury ended her season, said: "The season is going better than I had expected."

The start of Sunday's race was delayed as organizers spread salt to firm up the surface. That appeared to pose problems for Austria's new talent, Renate Götschl, and Switzerland's Martina Accola, who both came crashing at the second gate of the first run.

On Saturday, World Cup officials bent their rules and Heidi Zurbriggen got her first victory in a giant slalom that was abandoned after a series of crashes.

The younger sister of retired Swiss star Pirmin Zurbriggen was leading when the jury stopped the race after a series of spills on the rapidly freezing, difficult course.

Officials first said the race would not count, but after the Swiss team protested then said it would.

According to World Cup rules, an abandoned race doesn't count if less than half of the field has completed the course. There were 83 skiers in Saturday's race; 32 finished.

Zurbriggen, in her 10th World Cup season, covered the 2,580-meter long Kalberbacht course in 1 minute, 36.77 seconds, one second ahead of Katja Seizinger of Germany and Sylvia Eder of Austria, who tied for second.

The crash ended the season and the Olympic hopes of Astrid Loeffelholz, host Norway's top medal prospect.

She plunged into a safety fence, coming off a curve. The race doctor said Loeffelholz will need surgery to repair torn ligaments in her right knee. She will be sidelined for about six weeks.

Loeffelholz, the downhill silver medalist and the super-G bronze medalist at the 1992 World Championship, said through tears that "it went so fast, I don't know what happened."

The crash caused long delays and the race was nearly into its third hour when it was abandoned. By then, the finish area was freezing rapidly and skiers were repeatedly falling.

(UPI/AP)



Agence France-Presse

Kerrigan Gets Spot on U.S. Olympic Team

By Christine Brennan
Washington Post Service

DETROIT — Nancy Kerrigan, 1992 Olympic bronze medalist whose knee was injured by a man who attacked her last week, has been selected to the U.S. Olympic team by the U.S. Figure Skating Association's national committee.

She will be joined by 1991 national champion Tonya Harding, who won the U.S. Olympic trials Saturday night with a steady performance featuring five triple jumps. Although Harding did not attempt the difficult triple Axel, she dominated the competition.

Michelle Kwan, 13, was successful four triple jumps out of the six she had planned, finished second, and was named as first alternate.

The 45-member international committee, meeting minutes after the competition ended, voted unanimously to allow Kerrigan to make the Olympic team because of a little-used USFSA rule. It simply states that the organization may consider placing the on the Olympic team skaters who do not compete at the trials.

— Jayne Torvill and Christopher

Dean, attempting an Olympic

Kwan would replace Kerrigan if she is not healthy enough to skate at the Olympics in Lillehammer, Norway, by Feb. 23, the date the women's competition begins.

"I feel fine," Kwan said of the USFSA's decision to send Kerrigan, Harding and Kerrigan, she added, "both deserve to go to the Shefford, England.

The routine, choreographed to a specially tailored note-by-note arrangement of Irving Berlin's "Let's Face the Music and Dance," earned 10 perfect 6.0s from the judges and rapturous applause from a near-sellout crowd.

"I don't think we could have skated any better," Torvill said. "We can always find something to do on the ice, but I don't think we could have done any better today."

She said her knee, which was severely bruised, was still swollen and sore, but was much better than on Friday.

Nicole Bobek, 16, who fell once and completed just three triple jumps, was third. Elaine Zayak, the 28-year-old returning professional who competed at the 1984 Olympics, hit four triples and placed fourth.

Kerrigan became the first man to better the distance under 1:52. He bettered the previous mark of

1:52.06 set by German Andreas Hoffmann during the 1988 Winter Olympics in Calgary, Alberta.

Risma and Gunda Niemann of Germany broke the world points records as they raced to lopsided overall victories at the championships.

Risma had 156.201 points after winning three of the men's four races. Niemann won the final 5,000-meter race for her second victory in two days and collected 167.282 points for four events.

Six world records, including four in individual races, have now been broken in a month on the fast ice in the Viking Ship Olympic hall, site of the speedskating events in next month's Winter Games.

• Bonnie Blair and Dan Jansen, each three-time Olympians, dominated the U.S. Olympic speed skating trials, with both the top American qualifiers at 500, 1,000 and 1,500 meters.

• Alma-Ata, capital of the former Soviet republic of Kazakhstan, will bid for the 2002 Winter Olympics, the IOC said in its weekly Bulletin. The Associated Press reported from Lillehammer, Norway.

Risma became the first man to better the distance under 1:52. He bettered the previous mark of

Jagge Finds a Victory In Error-Filled Slalom

Compiled by Our Staff From Dispatches

KRANJSKA GORA, Slovenia — Finn Christian Jagge of Norway won his first World Cup slalom Sunday since his 1992 Olympic victory after the quickest two skiers on the first leg failed to complete the second run.

Alberto Tomba, Italy's triple Olympic champion, who came in second in the first leg, was disqualified after skiing over a gate halfway down the tough Podkoren slope. First-run leader Thomas Stanganger missed the gate.

Jagge, who had two third-place slalom finishes this season, won in a combined time of 1 minute, 43.46 seconds, five-hundredths of a second ahead of compatriot Ole Christian Furuseth.

He said conditions on the Podkoren slope had been difficult because of adverse weather over the weekend, but teammate Furuseth was more critical of the course organizers.

"I hope they start working on the course earlier next time," he said. "Of course, it was difficult with the weather but the slope was not really flat."

In the giant slalom on Saturday, Fredrik Nyberg of Sweden raced to his first World Cup victory in nearly four years with a powerful second run.

Nyberg's performance was similar to those of Ingemar Stenmark, the retired Swedish superstar. Stenmark often won races with strong second runs that erased big first-leg deficits.

Nyberg did the same in winning the season's fifth giant slalom. He was sixth after the first run, 0.30 seconds behind leader Amodi. But Nyberg pushed ahead on the slushy snow of the Podkoren course in the second heat, posting the second-fastest time for a total of 2 minutes, 9.81 seconds.

A giant slalom specialist, Nyberg won two giant slaloms in 1990, but had been winless since.

Only Mirja Kunc of Slovenia was faster than Nyberg in the second run.

Matteo Belford of Italy had the best finish of his career, placing second at 2:09.93. Tobias Barnersoi of Germany was third at 2:10.02, and Christian Mayer of Austria fourth at 2:10.14.

• Marc Girardelli, the defending World Cup champion who is seeking a record sixth title, finished 21st in the competition.

• In Schonach, Germany, Kenji Ogiwara of Japan won his fourth straight World Cup event in the Nordic combined Sunday, finishing with the 16th-best cross-country time after two dominant high jumps.

Ogiwara, who has won 10 of the last 12 World Cup meets, gave himself a commanding lead with jumps of 91 and 86 meters Saturday. He began Sunday's 15-kilometer race with an 83-second advantage over Takamori Kono of Japan.

Ogiwara leads the overall World Cup standings with 560 points, ahead of Kono with 445 and Kauti Tore Apeland of Norway with 420. Norway still tops the team standings with 2,002 points, 162 ahead of Japan, the 1992 Olympic gold medalist.

(Reuters, AP)

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Jan. 7

(Continued)

Sales in 100s
High Low Close
Net
Chg

100% High Low Close
Net
Chg</p

MONDAY

SPORTS

For Now, Pistons' Thomas Is Just a Much Richer Player

By Harvey Araton

New York Times Service

NEW YORK — Isiah Thomas has confirmed that he will remain with the Detroit Pistons as a player for now, as a fill-in-the-blank later.

Reports that he would become team president with a piece of ownership as part of a \$55 million package upon his retirement were not addressed either by Thomas, the Pistons' president, Tom Wilson; the player personnel director, Billy McKinney, or the coach, Don Chaney, at a news conference Friday in Auburn Hills, Michigan.

"I don't want to discuss my personal agreements with anyone," said Thomas, 32, the point guard who earlier last week turned down a chance to be traded to the New York Knicks when the Pistons' owner, William Dwyer, reportedly made him a Pistons-for-life offer he could not refuse.

Instead, the Knicks obtained guard Derek Harper in a trade with Dallas.

"Even though I have the dream of one day owning or being part of team ownership, we've both concluded that because of complex technicalities like the salary cap, being an owner and a player is virtually impossible," Thomas said, the "we" referring to himself and Davidson.

"We've discussed our mutual intention of continuing my relationship with the Pistons after my playing," he said, "and we've agreed not to announce or discuss any specific roles until after I retire, which is not today."

Thomas, a member of the Pistons since 1981, has been out with an injured left heel.

Thomas' private agreement with Davidson, to whom he has been a powerful club confidant for several years, puts Chaney in the unusual position of having to coach the man who could be his boss as soon as next season, or the man

who could even dismiss him before next season.

"Coaches live for today, and not 10 years from today," said Chaney, whose team has an 8-21 record. "I'm comfortable right now."

To that, Thomas added: "I will continue as a player and captain. I am not the coach, nor will I ever be the coach. I'm not the GM, and I don't want Tom's job either."

Not yet, anyway.

■ In Saturday's games, The Associated Press reported:

Hawks 102, Cavaliers 89; Dominique Wilkins scored 30 points, including 15 in a stretch that erased a 10-point deficit, as Atlanta, playing at home, won its fifth straight game. It also was the 21st victory in 24 games for the Hawks.

The Cavs built a 30-10 lead on John Battle's 20-footer with 3:39 left in the opening half, but

did not score again until 90 seconds into the third quarter.

Hornets 102, Knicks 99; Dell Curry scored 30 points and hit six of eight 3-point shots as Charlotte erased a 20-point deficit and held on in a wild finish to beat visiting New York.

Despite shooting just 40 percent, the Hornets rallied largely on the efforts of Curry. Four other Hornets scored in double figures, including Michael Minns with a season-high 14 points.

101, Pistons 92; In Auburn Hills, Michigan, Byron Scott scored 15 of his 21 points in the second half as Indiana handed Detroit its ninth straight defeat.

Indians 108, Celtics 96; In Minneapolis, Chuck Person came off the bench to score 20 points as Minnesota beat Boston.

Magic 112, Bullets 101; In Orlando, Florida, Shaquille O'Neal had 39 points, 19 rebounds and more complaints about the officiating as Orlando beat Washington. O'Neal was whistled for two flagrant fouls trying to block shots in the

fourth quarter. He also got slapped with a technical foul for encouraging the Orlando Arenas crowd to voice its disapproval after the first call.

■ Houston Rockets guard Vernon Maxwell, who was suffering from an irregular heartbeat, was out of the hospital but will have to miss at least two games, the team said Saturday.

Maxwell left the hospital Friday night, a day after he checked himself in for what the Rockets called an episode of atrial fibrillation.

He was given medication Friday morning and his heart rate returned to normal by the afternoon, according to team physicians. His playing status was listed as day-to-day, however.

Teammates said Maxwell complained of a rapid heart beat since he received a chest bruise during a Dec. 23 game against Denver. He underwent an electrocardiogram, returned to practice Dec. 24 and played in the next game at Phoenix.

John M. Becker/The Associated Press
Isiah Thomas: A piece of the team, too?

SCOREBOARD

NBA Standings

EASTERN CONFERENCE

Atlantic Division

W	L	Pct	GB
New York	20	.471	—
Orlando	10	.571	3
Atlanta	16	.532	4
New Jersey	18	.491	5
Boston	12	.590	2
Philadelphia	12	.567	4
Washington	21	.590	12
Antics	10	.500	13
Chicago	21	.577	2
Charlotte	10	.543	5
Cleveland	17	.419	10
Houston	17	.419	10
Milwaukee	9	.522	17
Detroit	1	.595	18
Portland	10	.563	19
Seattle	21	.590	19

WESTERN CONFERENCE

Midwest Division

W	L	Pct	GB
Houston	27	.471	—
Utah	22	.487	6
San Antonio	21	.472	7
Denver	17	.542	12
Minnesota	10	.521	17
Dallas	1	.595	18
Portland	21	.563	19
Seattle	22	.563	19

FRIDAY'S RESULTS

Midwest Division

Cleveland 28, Detroit 14, 74-70

Chicago 22, Milwaukee 19, 101-96

Cleveland 11-17, Detroit 11, 101-96

Milwaukee 11-17, Chicago 11, 101-96

Milwaukee 11-17, Detroit 11, 101-96

Milwaukee 11-17, Chicago 11, 101-96

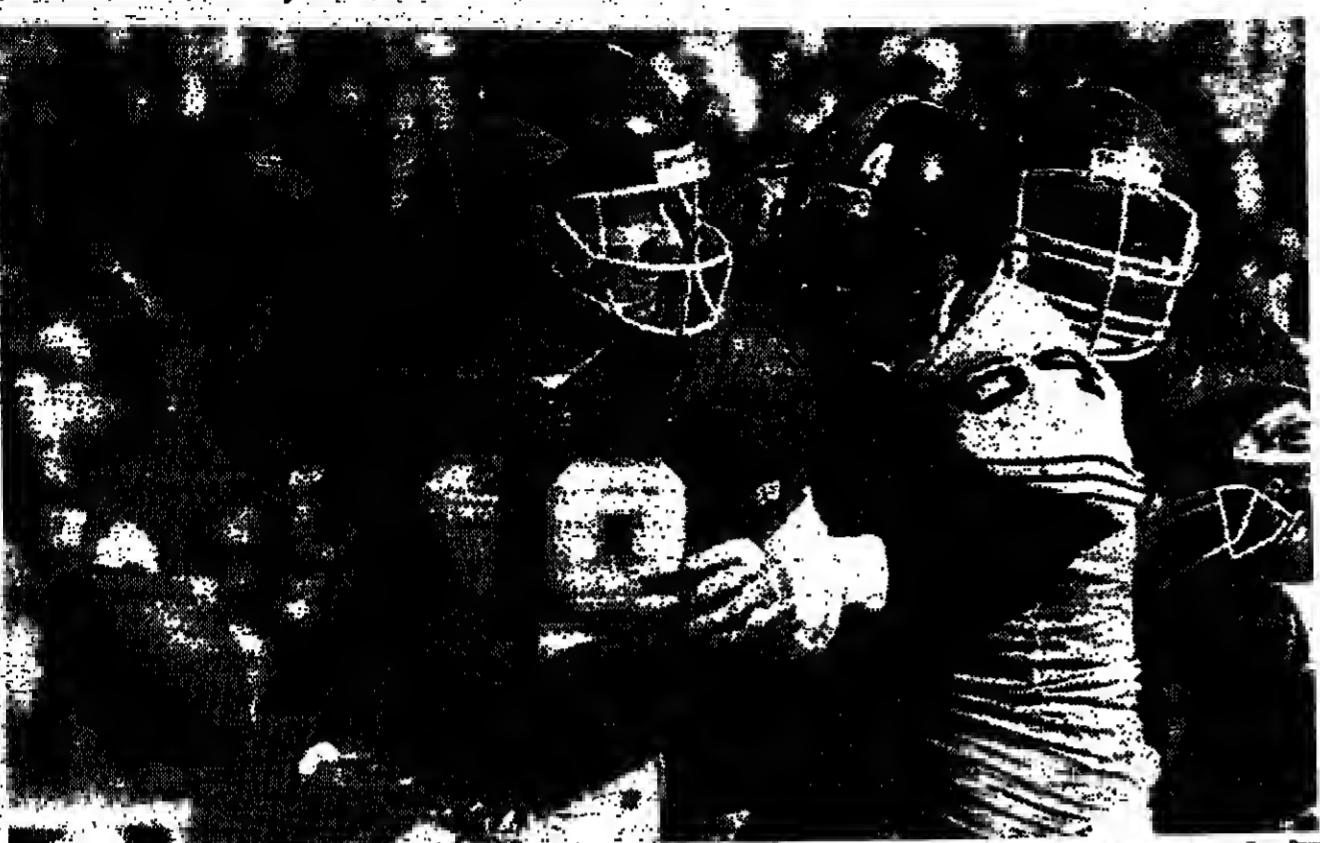
Milwaukee 11-17, Detroit 11, 101-96

Milwaukee 11-17, Chicago 11, 101-96

MONDAY SPORTS

Giants, Chiefs and Packers Strike Pay Dirt in Playoff Openers

Gusting Winds and Cold Help Sink the Vikings



Joe Montana, quarterback for the Chiefs, left some big heat in the third quarter as Kenny Davidson of the Steelers rushed in.

SIDELINES

Becker Faces Suspension by ATP

DOHA, Qatar (AP) — The Association of Tennis Professionals said Sunday that German star Boris Becker will have to substantiate his allegations of widespread drug use in the sport or face a heavy fine and suspension.

Larry Scott, the executive vice president of the Association of Tennis Professionals, said Becker would be questioned in the next two weeks about comments reported by a German newspaper.

Scott said ATP executives would call on Becker and "give him the chance to substantiate his claims." Otherwise, the fine could run into tens of thousands of dollars, he said.

Robson May Become Welsh Coach

LONDON (Reuters) — Welsh Football Association officials said Sunday they have approached former England manager Bobby Robson, 61, about becoming the new manager of the Welsh national team.

"We spoke to Bobby very briefly and asked him if he was interested," said the federations chief executive, Alan Evans. "He said he would go away and think about it. We are thinking about it as well."

• Promising Spanish striker Alfonso Perez will miss the World Cup finals after inuring his right knee in Saturday match, Real Madrid's club doctor said Sunday.

Whitbread Race Boats Begin 3d Leg

FREMANTEL, Australia (AP) — The Whitbread Round-the-World Race began Sunday, with the 10 boats starting the 3,772-nautical-mile third leg to Australia, New Zealand and Japan.

Several yachts, including Bloodhound, Whistler, Dolphin, and Galicia required repairs in Fremantle before the start of this short third leg, which is expected to last 12 to 14 days.

• Italy, which reached the final of the 1992 America's Cup, couldn't raise enough money to sustain another effort and is officially out of the 1995 regatta. Foreign challenges were to post a \$250,000-performance bond with the Challenge of Record Committee by May 1. (AP)

Baseball Signing Deadline Passes

NEW YORK (AP) — Bo Jackson, Fernando Valenzuela, Bob Ojeda and Dave Henderson made their final goodbyes to their old clubs as major league baseball's midnight deadline to resign passed.

The four offered salary arbitration by their old teams on Dec. 7 rejected the offers on Dec. 19. Players going past the midnight Jan. 6 deadline can't re-sign with their former clubs until May 1.

• Wah Weis, said to have turned down a \$3.6 million, three-year contract with the Florida Marlins, agreed on a \$2.2 million, two-year contract with the Colorado Rockies while outfielder Hulme Brooks re-signed with the Kansas City Royals.

Pitcher Harvey Haddix Dies at 68

SPRINGFIELD, Ohio (AP) — Harvey Haddix, 68, who pitching with the fire threw a 12-inning perfect game only to lose in one of baseball's greatest performances, has died of cancer.

Starting for the Pittsburgh Pirates on May 26, 1959, at County Stadium in Milwaukee, Haddix retired the first 36 batters, facing a lineup that included Henry Aaron, Eddie Mathews and Joe Adcock, who totaled 1,562 career home runs.

In the 13th, Felix Mantilla reached base on an error and moved to second on Mathews' sacrifice. After Aaron was walked intentionally, Adcock hit the ball over the fence, ending the no-hitter and the game.

For the Record

• Tracy Patterson retained his WBC super bantamweight title with a fifth-round knockout of fellow American Steve Young in Castillo, New York. Justice Josua of the United States kept his WBA bantamweight title with a 12-round unanimous decision over Elvis Alvarez of Colombia on the same card. (AP)

Steelers Fall As Montana Goes Overtime

By Tracee Hamilton
Washington Post Service

KANSAS CITY, Missouri — Quarterback Joe Montana took the Kansas City Chiefs to the threshold of playoff victory once, then twice.

Nick Lowery failed to come through the first time in regulation, but in overtime, kicking a 32-yard field goal that gave the Chiefs a 27-24 triumph Saturday over the Pittsburgh Steelers.

"We worked real hard," lamented Steelers tackle John Jackson. "We drove the ball. We felt we were dominating on offense. But Joe Montana worked his magic. ... You never know what's going to happen with Joe Montana."

Or with the Chiefs, who struggled most of the game, battling back three times to tie before taking their only lead on Lowery's game-winner.

Still, the biggest play wasn't made by Montana, but by Keith Cash. With Kansas City trailing, 24-17, and less than three minutes left, Cash blocked Mark Royal's punt. The Chiefs' Fred Jones plucked the ball out of the air and returned it 31 yards to the 9.

That left Montana only nine yards to tie. After two one-yard gains by Marcus Allen and an incomplete pass, the Chiefs took their last timeout with 1:48 remaining.

On fourth and seven, Montana had a wide-open Tim Bencik in the back of the end zone. Lowery added the extra point and it was tied at 24.

Quarterback Neil O'Donnell, who had moved the Steelers with relative ease for much of the game, threw three straight incompletions, and the Chiefs had a chance to win.

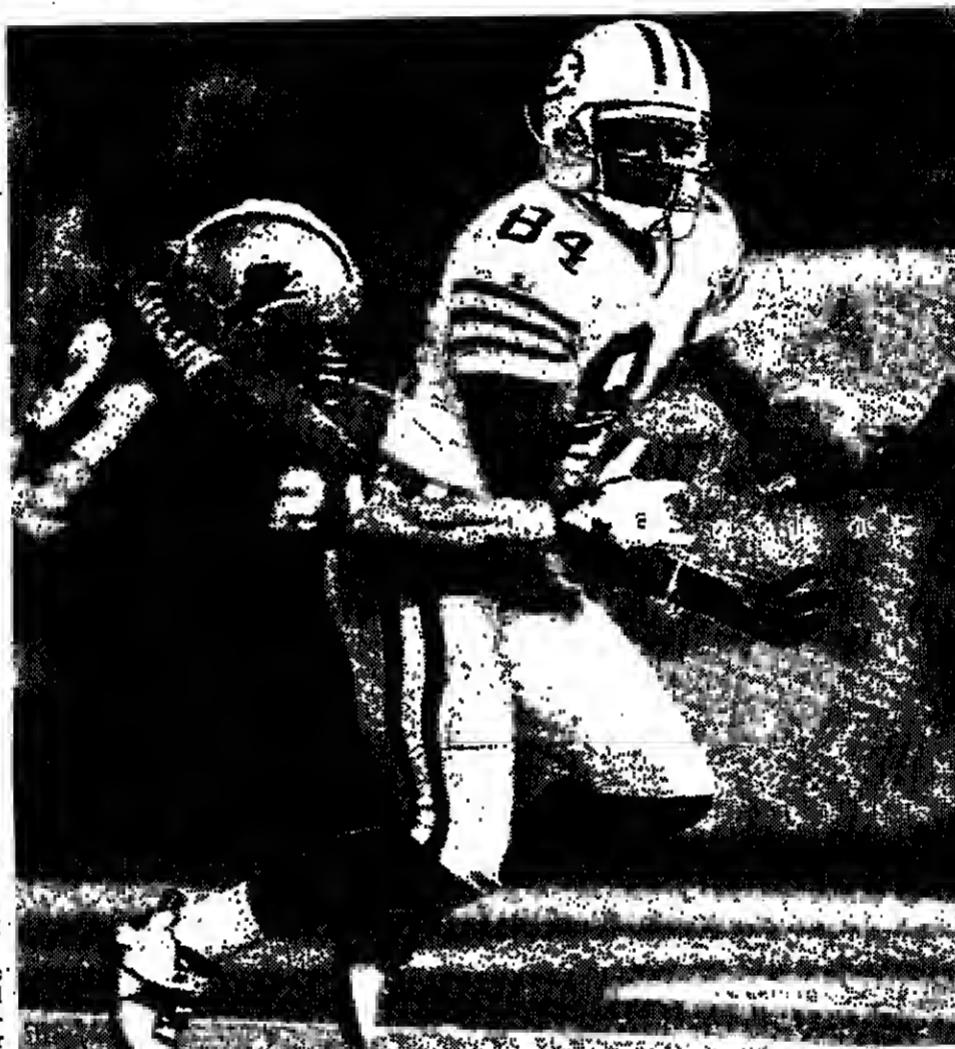
Montana took over with 1:14 left, completed four of six passes and, with the help of Allen's 11-yard run, moved the Chiefs to the Steelers' 25.

On third and one with 12 seconds to go, Lowery, the most accurate placekicker in National Football League history, pushed a 43-yard attempt wide right.

But neither Lowery's confidence nor his teammates' waned.

"I forgot the game was still tied," said Montana, who finished 28-of-43 for 276 yards. "I said, 'Hey, there's nothing wrong with that, we'll get another opportunity.'"

The Chiefs got the ball first in overtime, but were unable to get a



The Packers' Sterling Sharpe beating the Lions' Harry Colon for the second of his three touchdowns.

first down. The Steelers got just one, moving to midfield before punting.

Montana began the Chiefs' winning drive with two incompletions, but was helped by two Pittsburgh penalties. Then he worked his magic, completing his next five passes and moving the Chiefs well within Lowery's range.

The Chiefs, who had never beaten the Steelers in six meetings at Arrowhead Stadium, will face the Houston Oilers in the next round. The Oilers shut out Kansas City, 30-0, in September, with an injured Montana watching from the side line.

Ironically, a trip to the sideline in this game may have been the wake-up call Montana needed. He started the game 0-for-7 before his first completion. On that play, defensive end Donald Evans knocked the wind out of Montana.

Dave Krieg came on and — with the help of an unnecessary roughness penalty and the ejection of Pittsburgh's D. J. Johnson — completed his first and only pass of the day, a 23-yard touchdown to J. B. Birden that tied the score at 7.

The game was only the second in playoff history without a turnover by either team; the other was Super Bowl XXV between the New York Giants and the Buffalo Bills.

Pittsburgh 7 10 6 7 8-21
Kansas City 7 1 2 14 3-37

PR KC
First down 21 22
Rusher-wards 35-97 32-125
Passes 276 221
Punting 4-7 4-7
Kickoff returns 0-0 0-0
Come-back int 22-2-0 29-4-0
Sacked-wards 0-0 0-0
Penalties-wards 0-0 0-0
Fumbles-wards 0-0 0-0
Time of possession 34:53 36:10

INDIVIDUAL STATISTICS

RUSHING—Pittsburgh, L. Thomas 25-40, H. Colon 2-0, Stone 3-1, O'Donnell 1-inches 11, B. Birt 1-0, M. Royal 1-0, S. Sharpe 1-0, Montana 1-0.

PASSING—Pittsburgh, O'Donnell 23-42-0, 286, Kansas City, Montana 28-43-0, 376, Krieg 1-0-0.

RECEIVING—Pittsburgh, G. Thomas 3-4, E. Green 2-2, Stone 3-3, H. Colon 1-1, Birt 1-0, Royal 1-0, S. Sharpe 1-0, Montana 1-0.

DEFENSIVE—Pittsburgh, L. Thomas 3-10, H. Colon 6-7, Birt 4-2, Royal 3-3, S. Sharpe 2-2, M. Royal 1-0, S. Sharpe 1-0.

INTERCEPTIONS—Pittsburgh, L. Thomas 1-0, H. Colon 1-0, Royal 1-0, S. Sharpe 1-0, Montana 1-0.

MISSING FIELD GOALS—Pittsburgh, L. Thomas 4-4, H. Colon 4-4, Royal 4-4, S. Sharpe 4-4, Montana 4-4.

INDIVIDUAL STATISTICS

RUSHING—Baltimore, B. Lewis 24-41, E. Bennett 4-0, P. Jones 3-1, D. Williams 2-0, D. Sanders 2-0, J. Moore 1-5, Kramer 1-1.

PASSING—Green Bay, F. Tarkenton 15-26-1, 284, Detroit, K. Koenig 15-26-1, 284.

RECEIVING—Green Bay, S. Jones 5-10, West 3-4, Thomas 3-2, E. Bennett 2-2, Clayton 1-0, J. Moore 3-1, D. Sanders 1-0, J. Moore 1-0.

DEFENSIVE—Green Bay, S. Jones 1-0, West 1-0, Thomas 1-0, E. Bennett 1-0, D. Sanders 1-0, J. Moore 1-0.

MISSING FIELD GOALS—None.

Alabama Knocks Off No. 1 Arkansas

Compiled by Our Staff From Dispatchers

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Alabama coach David Hobbs was firm: his players were determined and No. 1 Arkansas was defeated.

The Crimson Tide pulled off the biggest upset of the college basketball season so far, stunning the Razorbacks, 66-64, on Saturday in Tuscaloosa, Alabama.

• Alabama (4-5, 1-1 Southeastern Conference) entered the game in its worst funk in six years. It lost the home to Tennessee-Chattanooga, 67-57, lost by 12-60 at the College of Charleston and was coming off an 82-66 loss to South Carolina in its SEC opener earlier in the week.

• But on Sunday, a different Alabama team emerged, one that played with determination and enthusiasm. Hobbs and his players all pointed to a meeting Friday led by an assistant coach, James Green.

"That meeting had a game-like atmosphere," said team captain, who scored Alabama's final three points at the free-throw line. "It carried over into the game."

• Arkansas (10-1, 1-1) had its worst shooting performance of the season, making only 18 of 51 shots, or 35.3 percent.

The Razorbacks, who had won their first 10 games by an average margin of 25 points, failed to make a field goal in the final three minutes. They did not

even get off a shot when they had a chance to do or win it at the end.

• Arkansas' most critical blunder came when Dwight Stewart missed an easy shot under the basket with about 10 seconds to go.

Freshman Antonio McDowell put the Tide ahead to stay on a short jumper.

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COLLEGE BASKETBALL

From the Jane with 4:27 to go, setting up a wild finish.

The last field goal by either team was Corbin Williamson's putback for Arkansas with 3:12 left, shaving Alabama's lead to 63-62. The rest of the way, it was all on the missed free throw, and Jones given another chance, converted for a 92-90 lead. Jones then stole a pass and raced downcourt for a dunk as time ran out.

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Jean Muir, Building A Bridge Between Art and Industry

By Suzy Menkes
International Herald Tribune

ONDON — In front of the Adam fireplace in the perfectly proportioned 18th-century building of the Royal Society of Arts, perches the cow Master, Jean Muir, talking about her role as bridge builder between art and industry.

"This rather fantastic faculty exists — arts in the 18th-century sense — not as fine arts, but the arts of making things," she says.

"What I would like to do is to make everybody look further than the word 'design.' No one quite knows what it means. Design is seen as one-dimensional. But

coats cut with room to breathe, drive and live."

She and her husband, Harry Lenkert, have also become quiet patrons of artists and craft workers, filling their homes with artifacts that reflect the aesthetics of Muir's fashion work.

Her role at the RSA ("I love institutions," she says) will be to bang heads together, to make people talk and think about design for the new millennium.

"What is dear to my heart is to have a series of lectures here — not about starting a business, but sustaining it," she says.

She also intends to nourish the craft revival that she sees flourishing throughout Britain. That patronage starts in the vaulted buttery, where pictorial handwoven rugs hang in the basement of the RSA's home, on John Adam Street, near the Savoy Hotel in London.

Muir herself is a magnet for artists who want to paint or sculpt her striking head, with its mobile mouth in a white face. Her model, in clay by Glens Barton, makes the catalogue cover of the current exhibition at the National Portrait Gallery.

Muir is a figurehead in another sense: She has rallied against falling standards, rallied manufacturers and now plans to bring together modern tastemakers round the dining table at the RSA. A series of dinners will be used to nurture a collective consciousness that the mid-1990s is "a particularly revitalizing time" in the arts.

"This fantastic arts and crafts movement has happened nowhere else in the world," she says of English designers who work with wood, glass and clay. She describes the "great sense of the aesthetic" coming out in "extraordinary glazes and colors" of potters who work near her country home in the north of England.

But Muir's stance is more than a whimsical enthusiasm for a craft revival. All the members of the Royal Designers for Industry have "to prove themselves in work terms." The RDI was set up in 1936 for the purpose of honoring British designers "who have attained eminence, efficiency and visual excellence in the creative design for industry." The number of honorees and was made a Commander of the Order of the British Empire 10 years ago.

Her work has a cult following on both sides of the Atlantic; for her skill has been

to make clothes in which women never feel uncomfortable or look foolish: dresses in soft fabrics impeccably shaped to the body; jackets that cascade gracefully,

design is about crafts and skills and people

making things — and clothes are about that just as much as a Concorde engine."

Muir, 60, has taken passionately to heart the tenets of the Royal Society for the encouragement of Arts, Manufactures and Commerce — as it was officially situated when it was set up in 1754 by William Shipley.

She admits that no one in Britain or beyond quite knows what the RSA is or does, but contends that "it is riveting, entwined with the history of this country. As Master of the Faculty of Royal Designers for Industry (a two-year post), Muir has the platform to preach and practice the creed she has followed in 28 years as a fashion designer. She believes in the craft behind the art and cares more for the well-angled seam and the sculpted button than for packaging, image and film.

Muir can best be described as a distinguished designer. She has never built a fashion empire or achieved the fame and riches that go with it, yet she says that she is "creatively satisfied," enjoys what she does and does not "envy a Ralph Lauren." She has a string of awards and university doctorates and was made a Commander of the Order of the British Empire 10 years ago.

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—Gemma Lovell

"I would like to make everybody look further than the word 'design.'"

"I think one should be able to talk about a national identity — every possible facet that a country has should be looked at, used and created from. You can't say that all businesses should be global."

Muir's own career as an adviser — she was formerly a trustee of the Victoria and Albert Museum — has proved how much can be achieved through force of will. When she and a group of friends recognized that the British prime minister had no silver for the dining table of the official residence at No. 10 Downing Street, Muir inspired the setting up of the Silver Trust. The fund then commissioned modern craftspeople to create a contemporary collection of silver.

The British are generally suspicious of nationalism and state patronage and dubious about the value of design, seeing it as an optional extra, or the interest of an

elite, rather than what Muir calls "part of everyday life."

The public has occasionally warmed to design concepts, flocking to the Great Exhibition of 1851 — a celebration of art and industry inspired by Prince Albert, the husband of Queen Victoria. But as the Industrial Revolution gathered momentum, it threw up rebellions against the might of machines in the 19th-century Arts and Crafts and Aesthetic movements.

In her fashion work, in her patronage of craftspeople and now at the RSA, Muir has a mission to restore the sense of pride and achievement in well-made things.

"Once you've got a standard you can't lose it," she says. "It may sound pompos, but I have always felt that I do it for the country as much as for myself. I am extremely positive and upbeat — there is so much that can be done."

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WEATHER

Europe

Forecast for Tuesday through Thursday, as provided by Accu-Weather.



North America
Europe
There will be times of frequent showers and strong winds in the British Isles, western France as well as U.K. and Ireland. Snow may break out in Oslo and Berlin and Beijing will be mainly dry and chilly. A little rain may be expected in Paris and Rome. Tuesday will have rains in Portugal, northwestern Spain, and much of Italy with drier weather at midweek.

Middle East
Latin America

Asia

Forecast for Tuesday through Thursday, as provided by Accu-Weather.

Africa

North America

Latin America

ACROSS

SOLUTION TO PUZZLE OF JAN. 7

31 Medical apprentice
32 Bob or beehive
33 Blue "Yellow Submarine" characters
34 Decrees
35 Decrepit
36 Decrepit
37 Decrepit
38 Decrepit
39 Decrepit
40 Ancient beginning
41 Off course
42 Foggy Bottom boat?
43 Heart of "Life in London?"
44 Heart of France
45 Nerd's collar
46 "Since — Have You?"
47 Not for

DOWN

SOLUTION TO PUZZLE OF JAN. 7

51 Juan's uncle
52 Pescadores neighbor
53 Reno's piano practice?
54 Tympanic membrane
55 Guided in a way
56 Brews tea
57 Menu listings

58 Priming style: Abb.
59 Hawaiian state bird
60 Kingston and others
61 Fee schedule
62 Sills solo
63 Caterpillar construction
64 Advantage
65 Calling company
66 Intersection maneuver
67 Asks for a loan
68 They trip up foreigners
69 Words often exchanged
70 Twice as unlikely
71 Down Under dog

72 "Love Story"
73 January 1 song ending
74 Riding the waves
75 Brightly cries
76 Walk with difficulty
77 Unwanted classification, once
78 Printing style: Abb.
79 Hawaiian state bird
80 Kingston and others
81 Fee schedule
82 Sills solo
83 Caterpillar construction
84 Advantage
85 Calling company
86 Intersection maneuver
87 Last of the Mohicans
88 Genesis
89 Ovid's way
90 Spanish' squiggle

**91 Entr' — Costner character
92 Prior, to Prior
93 G.I.**

94 New York Times Edited by Will Shortz.

PUZZLE BY RACHEL RICE

95 — were (so to speak)

96 Ovid's way

97 Costner character

98 Prior, to Prior

99 G.I.

CROSSWORD

1 Love

21 "Life in London?"

22 "Love Story"

23 Hawaiian state bird

24 Kingston and others

25 Caterpillar construction

26 Advantage

27 Calling company

28 Intersection maneuver

29 Asks for a loan

30 They trip up foreigners

31 Words often exchanged

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44 Intersection maneuver

45 Asks for a loan

46 They trip up foreigners

47 Last of the Mohicans

48 Genesis

49 Ovid's way

50 Spanish' squiggle

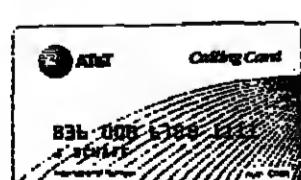
51 — were (so to speak)

52 Costner character

53 Prior, to Prior

54 G.I.

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400¢ 450¢ 500¢ 550¢ 600¢ 650¢

700¢ 750¢ 800¢ 850¢ 900¢ 950¢

1000¢ 1100¢ 1200¢ 1300¢ 1400¢ 1500¢

1600¢ 1700¢ 1800¢ 1900¢ 2000¢ 2100¢

2200¢ 2300¢ 2400¢ 2500¢ 2600¢ 2700¢

2800¢ 2900¢ 3000¢ 3100¢ 3200¢ 3300¢

3400¢ 3500¢ 3600¢ 3700¢ 3800¢ 3900¢

4000¢ 4100¢ 4200¢ 4300¢ 4400¢ 4500¢

4600¢ 4700¢ 4800¢ 4900¢ 5000¢ 5100¢

5200¢ 5300¢ 5400¢ 5500¢ 5600¢ 5700¢

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